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Daily Report
Central Eurasia

FBIS-SOV-94-184 *22 September 1994*

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NOTICE TO READERS: Effective 1 October, the processing indicators appearing in brackets at the start of each item in this publication will be changed. All new indicators will begin with "FBIS" to make the material more easily identifiable. Some will also indicate whether the item has been translated from the vernacular or transcribed from English.

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CIS General on Military Cooperation

MM2109130094 Moscow ROSSIYSKIYE VESTI in Russian 20 Sep 94 p 3

[Interview with Colonel General B.Ye. Pyankov, first deputy chief of the Staff for Coordinating Military Cooperation Among CIS States, by Anna Kozyreva; place and date not given: "Boris Pyankov: The NATO Bloc Must Be Disbanded"]

[Text] Following the breakup of the USSR, there has been less and less talk in the Western press about possible aggression by our country.

Recently, however, certain Western politicians have suddenly started once again fearing a threat from the East. Why? Their concern is due to the fact that the former Soviet republics have decided to deepen their military cooperation and have started thinking about creating a Defense Union. The West sees in the CIS collective forces the renascent military might of the USSR. How valid are these fears, when Russia's military doctrine is of a highly peace-loving nature? I turned for an explanation to the place where people must "cherish plans for an aggressive military policy"—to the Staff for Coordinating Military Cooperation Among the CIS States. Colonel General Boris Yevgenyevich Pyankov, first deputy chief of the staff, kindly answered ROSSIYSKIYE VESTI's questions.

[Kozyreva] Boris Yevgenyevich, is the creation of a defense union as a counterweight to NATO a myth or reality?

[Pyankov] Recently this question has been put to me quite frequently both by former Warsaw Pact allies and by representatives of Western military departments. I am profoundly convinced that the question of creating a defense union cannot be resolved right away. The conditions for forming it do not yet exist. The young sovereign states are now creating national armies. I would even say this: The fragments of the former Soviet Army are disintegrating. In other words, not one of these states is tackling questions of any close military union or seems to have any intention of tackling them in the immediate future. All the CIS members are faced with other problems: completing the dividing up of the army, reducing it, and strengthening their national armies.

[Kozyreva] The conditions for creating the defense union do not exist today, but might they still emerge tomorrow?

[Pyankov] You see, both politicians and military people understand that today it is still necessary somehow to guarantee the states' security with the minimum expenditure on national armed forces. The former Soviet Army has melted away like ice. Today the independent states cannot maintain even those units of that former army that remain on their territory. Ukraine is a vivid example. It has inherited three mighty military districts: Carpathian, Kiev, and Odessa. If you also include units under central jurisdiction—all brigades and divisions—you can even talk about five districts. Ukraine is not in a position to maintain such an army. Today it is being reduced. It will not be increased again even in the future. Today we speak of collective security, but the defense union question is not mentioned directly at all. At conferences with the heads of the CIS states' defense departments we resolve questions of the moment, as the saying goes. We have just been discussing problems of repairing military hardware. This is the crux of the matter: Hardware goes out of commission, but repair plants are scattered across the territory of the former Union. Some states are able to repair only armored vehicles, others only aircraft.... Henceforth we will repair all hardware together. But does this really mean that the defense union is being created? The USSR war machine will not be revived either today or tomorrow....

[Kozyreva] How do you see the problem of relations with the NATO bloc? A number of politicians in the West believe that it is time to disband NATO. What is your viewpoint on this?

[Pyankov] I believe that the disbandment of NATO would accord with the interests of all the world's peoples. The Warsaw Pact does not exist, and Russia's president and defense minister have repeatedly declared that they do not see NATO as their enemy. Of course, we are not yet allies like Britain and France, let us say. But it is a lengthy process to develop relations of alliance. The mistrust between our peoples was sown over long years. People both in Europe and in the world must understand that Russia is not the USSR, which saw it as its chief task to defeat NATO.

[Kozyreva] Probably the Russian-U.S. joint exercises on the Totsk Range contributed precisely to greater mutual trust, did they not?

[Pyankov] Undoubtedly. These exercises were the first step on the path of mutual rapprochement. We are not enemies, and we can be allies, but for the time being we are partners. Joint exercises help us to understand one another. I am an old general who has served in the Army for 40 years. Throughout these years the politicians told us that the United States, West Germany, and the other NATO countries were our enemies. We studied the potential of the enemy armies, their weak and strong points.... Today we must change. We are slowly freeing ourselves from old stereotypes. I believe that no military danger threatens us today. The fact that we might be conquered economically is another matter. We should be concerned about that.

[Kozyreva] And yet, how prepared are the CIS joint forces to defend their territory, and will they be able to repulse possible aggression?

[Pyankov] But who is going to attack? A specific image of the enemy has not been formed in our military doctrine. Military matters are a specific science. The military must know against whom they are to defend themselves. If

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there is a specific enemy, it will at once be clear whether we are weak or strong. If we are weak, we will create groupings, stocks, reserves.... But our task today is not to have a strong fist to repulse aggression but to be friendly with everyone. It is up to politicians and diplomats to have their say here. By 1995 Russia will have an army of just 1.5 million men.

[Kozyreva] How do you rate the participation of CIS national armies in internal conflicts?

[Pyankov] Unfortunately Russia bears the whole burden. There are many undesirable points for it in doing so. People are once again calling it an occupier and saying that it is once again demonstrating its imperial ambitions to the world. When the problem of the war in Tajikistan was discussed at the conference of leaders of the CIS states' military departments, I personally said: "Let us all provide one regiment each and give joint assistance." But what is the position today? Only Uzbekistan and Kirghizia [Kyrgyzstan] have each provided a battalion. Fortunately, the situation is being normalized in other hot spots. But it must be pointed out that there are still no joint peacemaking forces.

[Kozyreva] But new hot spots are appearing. For example, Chechnya....

[Pyankov] Chechnya is Russian territory, and I would put the question like this: Let neutral forces go there, for example joint forces of Ukraine and Kazakhstan. Because, if we are going to talk about collective security, then we must act together and help one another. But if Russia sends its own troops into Chechnya, then the situation can only worsen: Russian troops might be viewed as occupation troops, and both government troops and opposition detachments would fire at the soldiers. But our CIS allies are in no hurry to help us at present. I hope, however, that we will still succeed in creating genuine peacemaking forces of all the CIS states, and then our task of ensuring the security of the CIS with minimal armies and with minimal material expenditure will have been resolved.

ITAR-TASS Carries Press Review for 22 Sep

LD2209064894 Moscow ITAR-TASS in English 0515 GMT 22 Sep 94

["Press Review"—ITAR-TASS headline]

[Text] Moscow September 22—ROSSIYSKIYE VESTI runs the Russian prime minister's interview under the headline "Viktor Chernomyrdin: Economic Stabilisation is an Earnest of Political Concord".

The interview was published in ROSSIYSKAYA GAZETA on Wednesday and broadcast on the first television channel on Tuesday.

NEZAVISIMAYA GAZETA on Chernomyrdin's interview:

"This was the largest-scale propaganda action by the Russian premier over the entire period of his stay in office... This was a pure propaganda of reforms, and nothing was said about any policy adjustments. He hinted, however, that there will be no change of policy".

Approximately at the same time, at a congress of Russian commodity producers in Cheboksary, the government was strongly criticised.

"The economic policy is being pursued in the interests of intermediary bourgeoisie, foreign capital, speculative business tycoons, and organised crime groups", the newspapers quotes speakers at the congress as saying.

The newspaper believes that "a change of government now, in the atmosphere of relative social stability, prior to trade unions' massive protest action, is obviously premature".

ROSSIYSKIYE VESTI carries an interview with Thomas Pickering, the U.S. ambassador to Russia.

"I can assure that relations between our two countries and presidents remain warm," the ambassador said, pointing out that he perceives a good deal of positive things in the current situation in Russia, real progress in the economy, and the country's tranquil advance towards the projected goal.

Newspapers give prominence to a report, entitled "Russia-CIS: Whether the Stand of the West is in Need of Adjustment" and presented by the Russian Foreign Intelligence Service (RFIS) at a press conference in Moscow on Wednesday.

KOMSOMOLSKAYA PRAVDA on the RFIS report:

"The West's policy is based by no means on 'innocuous' apprehensions. They are, rather, a diplomatic cover of a quite conscious and natural unwillingness to see Russia re-emerge as a mighty power which may become a serious competitor to the West on the world market".

NEZAVISIMAYA GAZETA on the same subject:

"Centripetal trends on the territory of the CIS do not gladden influential circles in a number of foreign countries"

PRAVDA on the RFIS report:

"The report directly states the influential western circles' interest in securing that conflict situations along Russia' perimeter persist and proceed in a sluggish manner".

IZVESTIYA on oil deal between Azerbaijan and a consortium.

The newspaper describes the agreement between Azerbaijan and a consortium of major oil companies on the development of oil deposits on the Caspian Sea shelf as a "world sensation", pointing out that "the contract of the century" "brings about a tangle of acute international problems".

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"The treaty signed in Baku may become a serious precedent for other Caspian countries. If an independent development of oil on the Caspian Sea shelf is allowed for Azerbaijan, why then it should not be allowed for Turkmenia [Turkmenistan] or Iran. It is almost certain that they would prefer to practise that without Russia's participation."

IZVESTIYA, ROSSIYSKIYE VESTI and KRASNAYA ZVEZDA (Red Star) single out a statement by a Russian Foreign Ministry spokesman about non-recognition of the agreement signed in Baku.

KRASNAYA ZVEZDA, in an article headlined "Petroleum in World Politics", points out that "Russia's huge oil reserves and industrial potential, which make it possible to extract 340 million tonnes of oil a year even in periods of crisis, guarantee that Russian transnational companies will become comparable in their might with the leaders of world petroleum business, and not only in the amount of sales but also in joint-stock capital and profits".

NEZAVISIMAYA GAZETA carries an interview with Azerbaijan Prime Minister Surat Guseynov who emphasises that relations between Azerbaijan and the Russian Federation "have always been friendly. They are now good as well, and I think that there are no problems in this respect. There are only various political forces and different states which want to spoil these relations". The Azerbaijani premier stated that Azerbaijan hopes for Russia's assistance in a peaceful settlement of the Karabakh conflict.

Several newspapers run detailed summaries of a press conference given by ex-speaker of the Russian parliament Ruslan Khasbulatov upon his arriving in Moscow.

NEZAVISIMAYA GAZETA singles out Khasbulatov's call for the provisional council of Chechnya to be provided with Russian military hardware on the plea that "Moscow's assistance would help avoid tremendous casualties."

KOMSOMOLSKAYA PRAVDA believes that the Russian authorities will not go to direct talks with the ex-speaker of the former Russian parliament but that they will continue to provide military and financial aid for provisional council leader Avturkhanov in a "semi-covert way", avoiding any mention about Khasbulatov as a go-between.

IZVESTIYA on Russia's arms export.

"Over the past half-year, Russia has almost doubled its export of arms. Russia again becomes one of the world's leading arms exporters".

IZVESTIYA on refugees.

"About 500,000 refugees now live in the Russian Federation... The Russian authorities have neither funds nor, it seems, a desire to help political refugees".

TRUD on wages and social policy:

"In the first six months of 1994, the average real earnings in Russia were one third of what they used to be in 1991," according to Yevgeniy Gontmakher, deputy chairman of the social policy council to the Russian president.

Gontmakher believes that "if nothing changes in the state social policy, the internal political stability in Russia may prove in jeopardy very soon".

PRAVDA reports the start of a drive. On the initiative of the Russian Communist Party, to collect signatures in favour of an early presidential election and against an extension of the powers of the Federal Assembly. The newspaper runs a specimen of the signature list form.

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Reportage on Yeltsin's Upcoming U.S. Visit

To Discuss Use of Force With Clinton

LD2209110694 Moscow ITAR-TASS in English 1046 GMT 22 Sep 94

[By ITAR-TASS correspondent Tamara Zamyatina]

[Text] Moscow September 22 TASS—Boris Yeltsin and Bill Clinton are expected to discuss at the forthcoming summit, among other things, the problem of whether or not one can resort to force to secure the victory of democracy, Yuriy Baturin, assistant to the Russian president for national security affairs, told ITAR-TASS.

According to Baturin, "the criteria for justifying such actions are a complicated aspect of international relations. Their legal basis is not yet fundamental enough, which often creates tension in international relations." Since issues dealing with the attachment of a peacekeeping force at the U.N. or the creation of the international police have not been settled so far, it is not clear how the problem could be resolved, Baturin continued.

"The misgiving remains that operations with the use of force may lead to the expansion of the conflict, and negative consequences may outweigh the results of the victory of democratic thinking," the assistant to the Russian president said in conclusion.

To Sound Out U.S. on Delayed Elections

MK2209090094 Moscow NEZAVISIMAYA GAZETA in Russian 22 Sep 94 p 1

[Report by Vadim Yegorov under the "In Brief" rubric: "President Boris Yeltsin's Visit to the United States"]

[Text] A well-informed source in the Russian Federation president's staff has revealed to NEZAVISIMAYA GAZETA the contents of the prepared main points of the one-on-one discussion between Boris Yeltsin and Bill Clinton that will take place within the framework of the upcoming Russian-American summit in Washington. According to the source, Boris Yeltsin intends to define more exactly the possible reaction by the United States and the West as a whole should the date of presidential elections in Russia be moved back and his powers extended by other than a constitutional procedure.

Kozyrev Cautions Against Bad Advice

LD2109133994 Moscow ITAR-TASS World Service in Russian 1245 GMT 21 Sep 94

[Text] [no dateline as received] Answering the question on what he would recommend to the U.S. side on the eve of the Washington summit, Andrey Kozyrev advised it to expand political and economic links with Russia.

"For the United States and other Western countries this would be the best investment in the future, in the strengthening of strategic balance and stability and the economic prosperity of different world regions, including the CIS, the Russian foreign minister believes. Those who advise the U.S. Administration to try to separate politically and economically the CIS states from Russia are giving very bad, wrong and irresponsible advice."

Being in quite a difficult economic situation, Russia is losing billions of dollars on oil and gas deliveries to CIS countries at preferential prices, he recalled. "Such subsidies, A. Kozyrev said, are being provided and will be provided for many years, perhaps, to Ukraine and other CIS states. There is practically nobody else in the world who would be prepared to take upon themselves or at least share this burden with Russia."

The head of Russian diplomacy stressed that Moscow does not have imperial ambitions. "We would like to bring about a greater integration and broader cooperation of the European Union kind, he noted. Russia is in no way striving to restore a centralized state or to create a new USSR. Our choice is different, and there should be no doubts about that."

According to A. Kozyrev, Washington should not heed the advice of those who come out against Russian involvement in solving the Commonwealth's regional problems. "There are advisers who do not hide their recommendations, but the things that they suggest can destabilize the situation, he stressed. If the U.S. President heeds my advice, he should fire these advisers immediately."

Political, Economic Packages on Agenda

LD2109191294 Moscow INTERFAX in English 1709 GMT 21 Sep 94

[From the "Presidential Bulletin" feature No. 183 (673) compiled by Nikolay Zherebtsov, Andrey Petrovskiy, and edited by Vladimir Shishlin]

[Text] During his visit to the US, beginning on Sunday, President Boris Yeltsin is expected to discuss three packages of vital political-military import and economic issues.

In a special interview Interfax correspondent Vyacheslav Terekhov, the president's foreign-policy adviser Dmitriy Rurikov said these packages include the issues of interaction between the two countries in the area of foreign policy, the ensuring of strategic stability and security in the world, and economic cooperation.

While discussing ways of ensuring strategic stability and security the two sides are expected to review the process of disarmament, control over it, and the nonproliferation of nuclear arms, Rurikov explained.

Those involved in preparations for the upcoming summit did not aim to develop the legal base for bilateral relations, Rurikov pointed out. "The signing of a large number of bilateral agreements during the visit should not be expected," the presidential adviser said. "A major

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task of the summit is the exchanging of views on the principal issues of Russian- American relations. The presidents of the two great powers will have a meaningful exchange of opinions on precisely these issues."

Currently President Yeltsin and appropriate specialists are continuing work on the draft of a joint statement on economic cooperation, Rurikov noted. Work also continues on drafting intergovernmental agreements in different areas, while it remains unclear how many documents will be ready by the time of the visit.

According to information available to Interfax, the intergovernmental documents include the draft of a customs agreement between Russia and the US.

Official Comments on Trade Ties

LD2109190294 Moscow ITAR-TASS in English 1708 GMT 21 Sep 94

[By ITAR-TASS correspondent Oleg Velichko]

[Text] Moscow September 21 TASS—An agreement on U.S.-Russian economic cooperation is one of the fundamental documents expected to be signed during Russian President Boris Yeltsin's proposed visit to the United States, said the head of the state industry committee, Igor Shurchkov.

Shurchkov told TASS that the Russian delegation planned to suggest that Russia be regarded as an equal partner, having the status of a country with a transition economy. According to him, some discriminatory measures in trade are still effective, notwithstanding both political and economic changes in Russia.

The industry committee head said a number of framework agreements are also expected to be signed during the visit.

Primakov Denies Report-Visit Link

MK2209091094 Moscow SEGODNYA in Russian 22 Sep 94 p 2

[Report by Vladimir Abarinov in the "Special Services" column: "Russian Intelligence 'Monitors' the CIS From Third Countries. A Foreign Intelligence Service Memo Has Coincided With Yeltsin's Visit Accidentally"]

[Text] The Foreign Intelligence Service [FIS] director does not often meet with the press: His last appearance was last November. Those journalists who missed him used yesterday's press conference to ask all the questions they had accumulated during the year. Academician Primakov, however, was reticent; he disclosed no sources, and he did not point his finger at enemies of the Fatherland.

First, Primakov did not deny his role in securing the release from Iraqi captivity of two Swedish engineers who last year wandered into Iraqi territory. Second, he indirectly confirmed SEGODNYA's report (16 September) that in his recent talk with King Husayn of Jordan the Chechen subject was raised, but he said that it was not the main one.

As for the analytical memo, for whose presentation the press conference was organized, it was announced that the president has not seen it yet, that the FIS had not received any orders from above to prepare the document, and that it had been published on the initiative of the service itself. The fact that the promulgation of the memo coincided with the date of Yeltsin's upcoming visit to the United Sates is, according to Yevgeniy Primakov, purely accidental. It is noteworthy that this event accidentally coincided also with the preliminary date of a CIS summit postponed at Kiev's request. Last year's memo, devoted to a possible expansion of NATO, accidentally coincided with a session of the NATO Council and the North Atlantic Cooperation Council which preceded the NATO December summit.

SEGODNYA's correspondent asked the FIS director to comment on Andrey Kozyrev's controversial statement at a conference of Russian ambassadors to the CIS and Baltic states, where the minister said that "the near abroad" is the source of the main threats to Russia's interests. Yevgeniy Primakov did not object to Andrey Kozyrev and added that the threats are related to conflicts along the perimeter of the Russian borders. At the same time he noted that in accordance with the current agreement, the FIS does not conduct intelligence activity in the CIS countries by the methods it uses in the "distant lands." However, Primakov said, "We monitor developments from third countries."

Finally, the FIS director noted that although what is going on in the Baltic countries is not comparable with the situation in the CIS countries, Moscow cannot ignore the facts that these states are being used as a base for intelligence activity against Russia, and to exert political pressure on it.

Calls Intelligence Report 'Useful'

LD2109121594 Moscow ITAR-TASS in English 1110 GMT 21 Sep 94

[By ITAR-TASS diplomatic correspondents Olga Semenova and Andrey Shtorkh]

[Text] Moscow September 21 TASS—The durability of Russia's relations with the West and the East directly depends on their equitable character which presupposes the ability of partners to grasp the essence of each other's national interests and to uphold them in a non-confrontational climate". This end is being served by the report "Russia-CIS: Does the Western Position Need Correction?", which was presented today to Russian and foreign journalists here by Yevgeniy Primakov, director of the Russian External Intelligence Service.

Asked by ITAR-TASS about the possible reaction of foreign states to the publication of this document, Primakov replied: "Familiarisation with this document will

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be very useful to them". The previous report, drawn up by external intelligence analysts and devoted to problems linked with the expansion of the North Atlantic Treaty Organisation, Academician Primakov said, was received with heightened interest abroad, because it allowed the Western partners to get first-hand information on the specifics of the Russian approach to this problem. Therefore, the view on reintegrational processes within the CIS, on various factors conducive to its development or throttling it within or outside the Commonwealth, expressed by the analytical service of the Russian intelligence ("from our angle", as its director said) will undoubtedly be of great interest.

"The negative attitude to centripetal tendencies on the territory of the Commonwealth of Independent States", Primakov noted, "is a reaction to a far from transient process. In spite of its difficulty and possible setbacks, reintegration on the CIS space undoubtedly has a future. Consequently, if a negative attitude to it gets a firm footing in the capitals of several "far abroad" states, it will be easy to predict a period of alienation between them and Moscow." the Russian Counter-Intelligence Service believes that no serious politician is interested in such an outcome.

Primakov's statement during the press conference, which was attended also by Colonel-General Vyacheslav Trubnikov, first deputy director of the Russian External Intelligence Service, and Lieutenant-General Mikhail Dmitriyev, chief of the Information and Analytical Department of the Russian External Intelligence Service, drew many questions from journalists. Drawing attention to the fact that the Baltic states were not covered by the analysis, a correspondent of one of the Estonian newspapers asked whether Primakov believed that the Baltic states constituted a threat to the national interests of Russia and the CIS republics. The director of the Russian External Intelligence Service did not rule out the possible existence of potential threats, linked, for instance, with attempts to use the Baltic states to pressure Russia politically. "We don't want place d'armes for intelligence operations against Russia to be set up in the Baltic countries," he stressed.

In reply to a request of journalists attending the press conference, Primakov touched on the attempts of several means of mass information to link the publication of the current intelligence report with President Yeltsin's pending visit to Great Britain and the United States. Primakov said that the document was not specially timed for the president's foreign trips. "Moreover," the director of the External intelligence Service noted, "although the president, naturally enough, was informed about this analysis, he has not yet read the report itself". "At the same time, the problems, analysed in the report, are almost certainly bound to be raised during the talks in London and Washington," Primakov believes.

Kozyrev on Yeltsin UN Address, U.S. Relations

LD2109211794 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 21 Sep 94

[From the "Novosti" newscast]

[Text] It something happens that journalists' news stories require amplification. This is what happened today, and we managed to find out additional details from Foreign Minister Andrey Kozyrev.

[Begin recording] [Kozyrev] I think this will be an address that is out of the ordinary. This will be the first time the [Russian] president has addressed the world community from the UN rostrum. You know that U.S. presidents do this on a fairly regular basis, virtually every year. Many other leaders speak at the Assembly. But I think that the global agenda of strengthening stability and security will be addressed, and possibly a few proposals will be submitted which are aimed precisely at strengthening security and stability on a global basis. After all, this is an address which is addressed to the entire world.

[Unidentified correspondent] What is your assessment of Russian-U.S. relations at the present time?

[Kozyrev] I would say that they have reached a stage where these accords need to be translated into the language of everyday practice. Here we are coming up against considerable difficulties.

[Correspondent] How do you asses the U.S. proposal about a possible lifting of all restrictions on trade with Russia?

[Kozyrev] This is strictly speaking not a proposal but an urgent necessity. Second, this is a promise which was given by the American side at the highest level, including during the visit here of U.S. President Bill Clinton, and naturally we it to be kept. [end recording]

U.S. Envoy Notes Obstacles to Economic Ties

MM2209111094 Moscow ROSSIYSKIYE VESTI in Russian 22 Sep 94 pp 1, 3

[Interview with U.S. Ambassador Thomas Pickering by Pavel Shinkarenko, date and place not given: "I Can Give an Assurance That Relations between Our Countries and Presidents Remain Warm, Thomas Pickering, U.S. Ambassador in Moscow, Stresses"]

[Text] "The best diplomat of his generation" is how 62-year old Thomas Pickering was described by his colleagues when the subject of his appointment as ambassador to Russia was raised in January 1993. "He works everyone to death," his subordinates added. "The ambassador is fanatically dedicated to his work and constantly generates ideas," U.S. congressmen noted when they approved the diplomat's nomination to the Moscow posting. They recalled his work at the State

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Department and the U.S. permanent mission to the United Nations as well as overseas—in Jordan, Nigeria, El Salvador, and Israel.

In less than 18 months Thomas Pickering has also settled down well in Russia. He has visited many regions and toured the greater Moscow area. He is gradually adding Russian to his other languages—English, French, and Spanish.

This meeting with ROSSIYSKIYE VESTI journalists was prompted by Russian President Boris Yeltsin's 27-29 September U.S visit.

[ROSSIYSKIYE VESTI] Mr Ambassador, recently the opinion has been expressed in the press, including the press in Russia and America, that relations between the Kremlin and the White House have begun to cool off somewhat. What is your view of that idea?

[Pickering] I can assure you that relations between our countries and two presidents remain as warm as ever. Bill Clinton and Boris Yeltsin regularly contact one another and often exchange letters. They discuss and coordinate positions on such problems as Bosnia, Russia's participation in the Partnership for Peace program, and UN activity. These contacts have been reinforced in the run-up to Boris Yeltsin's visit. A number of high-ranking congressmen and U.S. administration representatives, including Deputy Secretary of State Strobe Talbott, have visited Moscow. That is why in my view you can only talk about a cooling off if you ignore these facts.

[ROSSIYSKIYE VESTI] The itinerary of Boris Yeltsin's U.S. visit is, I believe, largely "arranged" and is governed by the range of problems on which intergovernmental agreements could be signed. Could you tell us: What might the presidents reach agreement on?

[Pickering] My government does not pay me to give away secrets, but the range of problems to be discussed is no secret. We are working intensively right now on the drafts of important agreements in such spheres as ways of and forms for developing partnership, investment, and trade. Strategic problems of great importance to the whole world are under discussion. They include nuclear disarmament and the safekeeping of fissile materials, the nonproliferation of missile technology, conventional arms reduction, and the future of Europe. These are the areas of cooperation where, in my view, real progress can be expected first of all. More detailed information might only confuse your readers. Especially since at summit meetings the leaders themselves determine the range of problems on which they intend to express their opinion.

[ROSSIYSKIYE VESTI] During the last meeting President Bill Clinton said: "We are extending to Russia the hand of partnership, not aid." Does it not seem to you that the Jackson-Vanik amendment and other provisions in U.S. law which discriminate against Russia do not tally with the concept of partnership?

[Pickering] The Jackson-Vanik amendment, like the question of unpredictable taxation and Moscow's unwillingness to give U.S. banks the right to participate in the Russian economy, are problems which have surfaced a number of times at bilateral talks. According to our information, this amendment has no influence on granting Russia most-favored trading partner status. As your country adjusts its policy in the emigration sphere the prohibitive nature of the amendment is eased. The U.S. government seeks to take this process into account and submit bills promptly to the U.S. congress. But that procedure takes time.

For our part we expect the Russian Federation State Duma to examine at sessions in the very near future the treaty on foreign investments, which will give U.S. banks the same opportunities as European banks already enjoy.

[ROSSIYSKIYE VESTI] In your view, what else will it take to encourage U.S. private capital to head for Russia?

[Pickering] At least four obstacles need to be eliminated. First, the high tariffs on U.S. export commodities—cars, planes, confectionery - and also the excessive taxation. If that barrier is lowered, investments will speed up. In other words, it is better to have 25 percent of a given amount of investment than 150 percent of nothing at all. The next obstacle is bureaucracy. I have been told that before a businessman can begin operating in Russia he has to collect over 90 signatures on various pieces of paper. There is no industrially developed country in the world where that kind of thing happens. The third barrier is crime and corruption. Foreigners are charged "for protection" and bribes are demanded if you want "procedures to be simplified." Furthermore, this applies to operations which in the United States either do not exist at all or are done automatically. Admittedly the Russian President has issued a tough edict on this issue, and that edict has already begun operating. But from my own experience I know that a difficult task lies ahead. Yet it has to be resolved: After all, this affects your country's investors too.

Finally, you have quite a few spheres which either have no market laws at all or market laws which are too weak. This applies first of all to the problem of protecting investors. Through inexperience a foreign investor can lose all his assets and no one will compensate him. That should not happen. For example, in the United States there is a law on this matter which says that the government cannot give official support to those countries where capital has been "taken away" from a U.S. citizen without compensation. Fortunately Russia is not among those countries. But that possibility must be envisaged.

If those obstacles are removed, private capital will flow into Russia of its own accord.

[ROSSIYSKIYE VESTI] Mr Ambassador, I would like to hear your answer to a few more questions which readers have been putting to us. For example, they

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believe that Washington practices "double standards" in regard to human rights in Russia and, for example, the Baltic countries. What is your opinion?

[Pickering] Our policy in the human rights sphere is based on principles which are invariable in all cases, be it in Russia or any other country. The same goes for the Baltic countries. In our opinion, the Russians living in Lithuania, Latvia, and Estonia must be regarded as equal citizens of those countries. President Clinton spoke about that in particular during his recent visit to Riga. I beleve that that part of his public speech was the least popular withg the Latvians. But he still considered it necessary to express that viewpoint.

There is another important principle in our policy—the need to withdraw the Russian troops from the region because the governments of the Baltic countries do not want them to stay there. And we are glad that this demand was fulfilled on 31 August or even earlier. But this in no way diminishes the efforts which the United States is making to ensure that the rights of the Russians living in the Baltic are observed in full. That is why the concept of "double standards" cannot apply to the United States.

[ROSSIYSKIYE VESTI] For decades there was a danger of a new world war emanating from the confrontation between the two military-political blocs. With the disintegration of the USSR the danger of the Soviet threat also disappeared, yet in the minds of many Russians the danger of the United States as the only superpower seeking to establish its control over the whole world remains. How does U.S. diplomacy take this factor into account?

[Pickering] I cannot agree with the assumption behind the question—that America is increasing its military potential so as to impose its will on the whole world. Each of our countries—the United States and Russia—has set about preserving its nuclear might in its own way. But they have done so in such a way as to maintain stability and ensure deterrence at every stage.

The political circumstances of the past three years have opened the possibility of true partnership, which envisages mutual benefits through consultation and cooperation. It is also still true that the Russian economy is experiencing a very complex transitional period. That is why the United States and other countries are trying to give it concrete assistance and support. But we are not seeking to impose our will, as implied in your question. On the contrary, our assistance program corresponds to the Russian leadership's wishes and the course followed by your government. This applies, first and foremost, to support for democracy and the building of a rule-of-law state. None of these aspects envisages U.S. diktat or ultimatums.

We take the same approach in general toward foreign policy. This was the right thing to do in the past when we were deciding the question of dealing with the consequences of Iraq's invasion of Kuwait. This procedure is also operating now during the search within the "contact group" for ways to reach a settlement in the former Yugoslavia. As is well known, the United States and Russia have different views on this problem. But we will find solutions which we can agree on. And this cooperation is based on equal partnership.

[ROSSIYSKIYE VESTI] The Russian national-patriots claim that by withdrawing its troops from East Europe and the Baltic region our country has forfeited the status of a great power. What is your view of Russia's role in the postconfrontation period?

[Pickering] It seems to me that Russia, like the United States, is now devoting its main attention to resolving internal problems. Our countries' prestige in the world community will also depend on the success of that undertaking. The priority here is progress on the path of reforms and the development of the market economy and a democratic system of government.

We also believe that Russia has a great role to play as a full-fledged member of the world community. That is why its opinion of current events and its approaches in helping to resolve rather than aggravate or exploit the most varied aspects of the world process are so important. Experience of Russo-U.S. cooperation and partnership already exists, especially in the establishment of peace in the Near East and in other regions. It is for that very reason that we are optimistic about the future.

[ROSSIYSKIYE VESTI] You often travel around Russia, Mr Ambassador. What impressions have your meetings with Russians and the places that you have visited made on you?

[Pickering] I try to travel by car so that I can get to know life off the beaten track better, talk with people without undue ceremony, and see the cities. I have many impressions, of course. But do not think that, if I had not worked in the former USSR or in Russia before, on coming to Moscow I [?would have] had a different view of events taking place here [sentence as published].

In fact, I have spent a large part of my career in developing countries. But Russia is not the Third World. Perhaps there have been quite a few mistakes in its history. However, if you take into account the presence of natural resources and the potential of the people themselves, yours is among the foremost countries of the world.

At a personal level I am amazed by the natural beauty and the size of your country, which is three to three and a half times bigger than the United States, by the combination of the virgin areas of the taiga and the tundra, and the very beautiful natural relief of the Volga and Don basins, which I was fortunate enough to visit recently. I am also greatly impressed by the determination of your people to continue developing and the

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rhythm and speed at which they have set about this work. All of this is despite the very long period of privations and the lack of experience of market reforms. During my conversations I have also seen how people come up with new ideas and attractive new projects literally before your very eyes. Finally, you have a fine system of science and education, especially in regard to mathematics, which gives you tremendous advantages as the country enters the information era. This is the factor which is necessary for the creation of a basis in the services sector and which is part of the modern economy in West Europe, the United States, and Japan.

I am by nature an optimist. Thus, despite all the difficulties which Russia is going through today, I can see many positive aspects to the present situation which would have been hard to predict even at the start of the year. Back in January the Western press was asking: Will Boris Yeltsin still be in power in two to three weeks' time, will inflation in February be kept at the 30-percent level, will the country not be overwhelmed by a wave of strikes and unrest? But today we can see real progress in the economy and the country's peaceful movement toward its goal. If you analyze these phenomena—positive and negative—you can take a balanced view of the situation in the country and draw the right conclusions.

Kozyrev Watching Haiti Events 'Attentively'

LD2109214294 Moscow Ostankino Television First Channel Network in Russian 2020 GMT 21 Sep 94

[From the "Novosti" newscast]

[Text] The attention of the world's news agencies remains focused on the situation in Haiti. In an exclusive interview with our agency, Andrey Kozyrev, head of the Russian Foreign Ministry, expressed Russia's viewpoint on this problem.

[Begin Kozyrev recording] The situation in Haiti is very equivocal. It is good, of course, that our appeals—and, I am prepared to hope, the appeals by most other states—that actions using force be avoided have been heeded. At present the action is being carried out in the main by an American contingent with the participation, it is true, of a few other countries; this is by agreement, as it were, with the local military authorities in order to ensure as organized a handover of power to a democratic government as possible.

However, we will follow very attentively how specifically this operation proceeds, especially in the UN Security Council. You know that in principle we voted for the resolution approving these actions quite naturally, but at the same time we will follow events very attentively to see that everything is accomplished with a minimum use of force and that this action really leads to a strengthening of democracy, and we will determine our approach accordingly. [end recording]

Foreign Ministry Reminds of UN Mandate in Haiti

MM2209123694 Moscow ROSSIYSKIYE VESTI in Russian 22 Sep 94 p 3

[Unattributed report under the "At the Russian Federation Foreign Ministry" rubric: "Statement"]

[Text] Russia welcomes the preconditions which have taken shape for a political settlement in Haiti, a spokesman for the Russian Federation foreign policy department has declared. We invariably favor the use of political and diplomatic levers to resolve the Haitian crisis. It is important that the people of that long-suffering country should be able to resolve their problems in conditions of democracy and observance of human rights.

We expect the UN Security Council to provide the fullest possible information, above all from the U.S. side, on the development of the situation. Any actions undertaken under the UN flag must be strictly in accordance with the mandate approved by the UN Security Council.

Haiti Occupation Said Linked to Elections

MM2209085194 Moscow IZVESTIYA in Russian 22 Sep 94 p 3

[Report by Vladimir Nadein: "U.S. Serving Haiti Up As November Dish"]

[Excerpts] Despite the serious doubts that have dogged U.S. political thinking for nearly three years, the U.S. army turned out to be equal to the task. Coming in by sea and by air, it flooded the small island with a mighty wave of several thousand marines, mountain riflemen, and airborne assault troops. Things are on the move. There have been no casualties. [passage omitted]

When Jimmy Carter's peace mission left Washington for Port-au-Prince it had the authority to speak on behalf of the United States. [passage omitted]

During the talks in Port-au-Prince Carter obtained fron junta leader Cedras guarantees which are being implemented. There has been no resistance and the Haitian army is cooperating with the new arrivals.

But Carter, Clinton's envoy, also gave the general guarantees which the United States has to implement. In particular, the United States must not demand the expulsion of the junta leaders.

Now President Clinton is cautiously working round the assurances of his special envoy, Carter. Pressure will still be brought to bear on the generals in order to remove them from the island. Otherwise, J.-B. Aristide, once he is restored as Haitian president, will once again be left alone on the island with the generals, without having been able to savor his election by the whole nation.

The approval of President Clinton's actions by Congress, the public, and the press somewhat lessens the general

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pantomime effect of this entire action. If you close your eyes tight, you can actually see Haiti as a model for the resolution of regional conflicts in the post-Cold War period.

But the massively unequal initial forces, the Haitian economy's total dependence on the United States, and the crisscross of personal links between the Haitian generals, trained in the United States—these and other similar factors have made the whole Haitian conflict resemble a canned hors d'oeuvre that can be served up at any convenient time.

It is not inconceivable that the peaceful outcome of this outwardly uncompromising encounter between titan and dwarf has not been served up for Haitian consumption at all. The Democratic Administration was headed for the November mid-term congressional elections in a state of virtual shock. In that case, the codename of the operation in Haiti, "Uphold Democracy," needs a slight adjustment: to "Uphold the Democrats."

Kozyrev on Mutual Exploitation of Oil

LD2209105094 Moscow ITAR-TASS World Service in Russian 1001 GMT 22 Sep 94

[By ITAR-TASS diplomatic correspondents Dmitriy Gorokhov and Andrey Serov]

[Excerpt] Moscow, 22 Sep—Russia intends to achieve a solution to the problem of utilizing the resources of the Caspian Sea which will meet the interests of all the countries in that region. Russia's Foreign Minister Andrey Kozyrev said this today at the request of an ITAR-TASS correspondent, when explaining the Russian position on an international contract regarding the development of the oil resources of the Caspian Shelf, recently concluded in Baku.

"There exist former USSR agreements which regulate all the issues connected to the Caspian Sea, and no one has repealed them," the head of Russian diplomacy said. "The obligations under these agreements apply to all the states which are the legal successors of the Soviet Union. I think that Azerbaijan knows this very well. We all need to find a mutually acceptable solution."

A. Kozyrev noted that Russia intends to achieve a joint approach to this problem which will meet the interests of all the countries in the Caspian region, including Russia, Azerbaijan, and Iran. However, the most important thing in his opinion is to ensure the preservation of the sea's ecological system. The oil companies, including some Russian ones, tried to conclude this contract as quickly as possible, the minister said. It is completely natural that businessmen are interested first and foremost in profits. "However, it is just as natural for the state to think about the long-term consequences for such a unique basin as the Caspian Sea," he noted.

In his opinion, the state interests of the regions' countries are much broader than a signed contract. As regards specific measures to settle the disputed situation, the head of the Russian foreign policy department said that "there is no question of instituting some kind of "sorting out" of states, but of taking into account all the legal circumstances and interests, including Russia's interests, I believe we will achieve this. The interests in the Caspian Sea do not begin and end with a single contract, no matter what it is." [passage omitted]

LUKoil Spokesman Reacts to Foreign Ministry

LD2209100394 Moscow ITAR-TASS in English 0918 GMT 22 Sep 94

[By ITAR-TASS correspondent Igor Ivantsov]

[Text] Moscow September 22 TASS—"The statement by Grigoriy Karasin, chief of the Russian Foreign Ministry's department for information and the press, that Russia does not recognise the terms of the agreement signed on Tuesday by an international consortium proved somewhat unexpected," Aleksandr Vasilenko, head of the Russian LUKoil company's department for relations with state agencies and news media, told ITAR-TASS on Thursday.

On Wednesday Vasilenko returned here from Baku, where representatives of the company, along with other participants, had signed an agreement on the development of oil deposits on the Caspian Sea shelf.

"As of today, it is difficult for me to explain the obtaining situation", Vasilenko said, recalling however, that the LUKoil company represents the interests of Russia, with its share of 10 percent, in the international consortium. This provision was set out in an intergovernmental agreement signed between Russia and Azerbaijan in October last year. A vast amount of preparatory work has been done since. The results of the work did not give rise to any reproaches from the state agencies which monitored the drafting of the agreement.

In response to a question about possible political motives which prompted the Russian Foreign Ministry's negative reaction, the company spokesman told ITAR-TASS that ever since the agreement drafting process began, the company's policy was to tackle exclusively economic aspects of the development of oil deposits and be outside politics.

The political aspects of the problem should be settled at the state level, Vasilenko stressed.

Oil Companies Question Stand on Caspian

LD2109185794 Moscow INTERFAX in English 1655 GMT 21 Sep 94

[Text] The Caspian oil deposits of Azeri, Chyrag and Gyuneshli to be developed by an international consortium come under the jurisdiction of Azerbaijan, which can use them at its own discretion, the president of Azerbaijan's State Petroleum Company, Natik Aliyev, said.

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The consortium, which has entered into a $7.5-billion contract with Azerbaijan to develop the Azeri and Chyrag shelf deposits and the deep-sea part of the Gyuneshli field, comprises the U.S. companies Amoco, Unocal, McDermott, Pennzoil and Ramco, the British-Norwegian alliance British Petroleum/Statoil, the Turkish Petroleum Corporation and the Russian company LUKoil. The contract was signed in Baku on Tuesday.

The same day, Russian Foreign Ministry spokesman Grigory Karasin said Moscow would not recognize the deal. "In terms of international law, the Caspian, as an inland body of water, is subject to joint use by all states of the region," he said.

Natik Aliyev said: "The Western companies must be sure that the jurisdiction of the area that the contract covers will not be changed." But, at Azerbaijan's insistence, no provision about the Caspian's status has been incorporated in the document, despite the consortium's wish, he said.

The Russian ambassador in Baku, Valter Shoniya, commenting on Karasin's statement, said: "Are those who make such statements aware that the Azerbaijani and Russian governments have signed an agreement on cooperation in the fuel and energy field which recognizes that the Azeri, Chyrag and Gyuneshli deposits belong to Azerbaijan?"

The existence of such an agreement has been confirmed in Baku by Russian Fuel and Energy Ministry official Stanislav Pugach, who said the document, along with several accords between his ministry, LUKoil and the Azerbaijani State Petroleum Company was signed last October.

"We have signed a contract with the oil company of Azerbaijan," said Amoco president William Lauri. If any problems arise about the status of the Caspian, the consortium will ask Azerbaijan's State Petroleum Company and the republic's government to solve them.

The British Gas representative in Moscow, Caben Thancamootoo, has described the issue as a political one. He told the Petroleum Information Agency in a telephone interview that the contract serves the interests of Russia, especially those of Transneft, the Russian oil transportation monopoly.

Since British Gas is also part of a consortium set up to develop a Caspian shelf oil deposit in Kazakhstan, it is closely following the current developments, for they have set a precedent, Thancamootoo said. He said his company did not deem it possible to begin carrying out the Kazakhstan contract before consulting Russia.

The management of Rosneft, one of Russia's key state oil companies, "cannot understand" Karasin's position. "Such a position is difficult to explain after an official Russian representative took part in the ceremony of signing the agreement," a Rosneft executive who asked not to be identified told the Petroleum Information Agency. Besides, the consortium includes LUKoil, a major Russian oil company whose management is close to the government, he said.

Moscow Wants Increased Share in Oil Contract

LD2109213394 Moscow INTERFAX in English 1819 GMT 21 Sep 94

[Text] Russia cannot be happy with its proposed share in production at the oil deposits of the Timan Pechora basin (the Nenetsk Autonomous Region, North Russia), several well-known Russian experts said.

A well-informed source told the Financial Information Agency that this issue was being discussed at talks in Moscow between the Russian government, the Nenetsk administration and the Timan Pechora Company oil consortium (TPC).

The same source said that experts' the statement was backed up by calculations showing that when profitability reached the 15 percent level, 95 percent of oil would go for covering expenses and 5 percent would be profits. The share of Timan Pechora Company will be 80 percent and 20 percent will go to Russia. Russia's share is expected to be divided between the central government and the Nenetsk Autonomous Region.

Experts are also concerned at the low profitability of the contract. They said they believed that current and future expenses would be about $80 billion. Timan Pechora Company intends to give about $38 billion of this sum to Russian enterprises participating in the contract.

During the talks Russia managed to raise the "level of royalties" from 3.5 percent to 6 percent. After this, Russian negotiators initiated the Arkhangelskgeologiya prospecting enterprise joining the project as an equal partner. The share which Arkhangelskgeologiya can receive is still being discussed.

Russian and U.S. negotiators said that the talks were hindered by the absence of a contract on production-sharing which must be approved by the Russian parliament. This creates legal and economic difficulties when working on the draft treaty. However, Russian experts stressed that the parties intended to sign the treaty before the Russian State Duma approves the law on production-sharing.

The TPC international oil consortium was created in April 1994. It includes the U.S. companies Texaco, Exxon and Amoco and Norway's Norsk Hydro. Experts put the oil resources developed by the TPC at 729 million tonnes. This number may increase by 58 million tonnes.

Foreign Minister Kozyrev Arrives in Kiev

LD2209095894 Moscow ITAR-TASS in English 0928 GMT 22 Sep 94

[By ITAR-TASS correspondent]

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[Text] Kiev September 22 TASS—Russian Foreign Minister Andrey Kozyrev has arrived in the capital of Ukraine on a two-day working visit.

The principal purpose of the visit is to coordinate the sides' positions on a draft treaty of friendship between Russia and Ukraine.

The treaty is expected to be signed during Russian President Boris Yeltsin's visit to Kiev in October.

Yeltsin Ukraine Visit Opens New Relations

LD2209100194 Moscow ITAR-TASS World Service in Russian 0900 GMT 22 Sep 94

[By ITAR-TASS diplomatic correspondents Dmitriy Gorokhov and Andrey Serov]

[Text] Moscow, 22 Sep—Russian President Boris Yeltsin's scheduled visit to Ukraine will open a new page in relations between the two fraternal countries, and will mark the end of a period of mutual friction. Russia's Foreign Minister Andrey Kozyrev stated this to correspondents today before flying to Kiev. His trip to Ukraine is devoted to preparing for the visit by the head of the Russian state, which may take place this October-November.

"For Russia there is no more important area than its fraternal links with Ukraine," A. Kozyrev said. "It is time for us to move on from confusion and furtiveness to open and honest equal relations between two sovereign and fraternal states." In Kiev, he plans to discuss possible solutions to the issues relating to the Black Sea Fleet, Ukraine's debt to Russia, and to the siting of the Russian Embassy in the Ukrainian capital.

It looks as if the final dates for the president's visit will be determined at a meeting between Boris Yeltsin and Leonid Kuchma during a session of the CIS Council of Heads of State in Moscow on 21 October. "No one is going to postpone this visit, but there is no need for haste in this matter either," the head of the Russian foreign political department noted.

Parliamentarian on Relations With Crimea, Ukraine

MK2109103094 Moscow MOSKOVSKAYA PRAVDA in Russian 21 Sep 94 p 1

[Interview with Konstantin Zatulin, chairman of the State Duma CIS Affairs Committee, by Yelizaveta Domnysheva in the "Exclusive" column: "A Fire in Crimea Must Not Be Allowed to Flare Up"]

[Text] The situation in Crimea has somewhat defused although it remains complex. In this connection Konstantin Zatulin, chairman of the State Duma Committee on CIS Affairs and Relations with Compatriots, has answered a number of questions from our correspondent.

[Domnysheva] Konstantin Fedorovich, the situation in Crimea has still not been finally resolved, but has entered a kind of "smoldering phase." Until the next explosion?

[Zatulin] Whatever it is—"explosion" or "smoldering"—it is 100 percent clear that there can be no winner in this sort of confrontation.

More specifically, the conflict could end up in Crimea's losing its special status.

[Domnysheva] And this means an inevitable increase in Ukraine's influence?

[Zatulin] I very much hope for statesmanship from the current Ukrainian president, for his reasonable and balanced approach to the situation, and his aspiration to remove the Crimean problem as such. So far, fortunately, this is what has been happening, although Kuchma is being prompted toward imposing direct presidential rule in Crimea.

I do not agree with the Machiavelli-like principle: "Everything which is bad for Ukraine is good for Russia." There is a certain threshold of demands and if it is taken into account, everybody gains from this. And the demands are well known: from human rights and to economic well-being, self-government and self-determination of the peoples.

[Domnysheva] It is almost a unanimous opinion in political circles that the Crimean conflict is very reminiscent of last fall in Moscow. True, they also admit a special nuance: the grievances by Meshkov's former associates in the Rossiya election bloc, because after becoming president, he placed his bet on Saburov without looking for a prime minister among his "own folks."

[Zatulin] Generally, the word "president" means "first." With the introduction of the presidency the Crimean constitution has not been seriously revised. This created a base for a conflict, traditional for our post-Soviet space, between the powers of the legislative and the executive branches.

To be sure, the Supreme Soviet is not all innocent in relations with the president, but Meshkov too should not be waging war in his own home. Ukraine's complaint about the Crimean Supreme Soviet's pro-Russian sympathies did not add to his political weight either. Both the Supreme Soviet and the president should have realized that they are linked by one chain, and if they want good for their people, they should not bring things to the point of confrontation.

We in Russia understood from our own bitter experience of confrontation that politicians go to extremes only when they do not know where they are going. The next victim in the internal struggle will be the victor himself, and Crimea's statehood.

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[Domnysheva] The Russian leadership is standing aside from the conflict, as it were. And Yeltsin's visit to Ukraine seems to be postponed?

[Zatulin] Even so, I was most surprised when both Tsekov and Meshkov told me that there has not been a single phone call from Moscow. Friendly relations with Ukraine, in my view, do not at all mean that we should bury our head in the sand so as not to see the beginning of a fire in a neighboring house.

Russian influence is an internal political factor both in Ukraine and especially in Crimea. We need to cooperate with Ukraine in order to avert a fire in Crimea.

Kozyrev Hopes for Meeting With U.S. on Bosnia

LD2209103794 Moscow ITAR-TASS World Service in Russian 0920 GMT 22 Sep 94

[ITAR-TASS diplomatic correspondents Dmitriy Gorokhov and Andrey Serov]

[Text] Moscow, 22 Sep (ITAR-TASS)—The Russian side is seriously pinning its hopes on the meeting between the presidents of the Russian Federation and United States with regard to progress on a settlement in Bosnia, Russian Foreign Minister Andrey Kozyrev told journalists today before the start of his trip to Kiev.

Replying to a question from an ITAR-TASS correspondent regarding Russia's attitude to the possible lifting of the arms embargo on the Bosnian Muslims, A. Kozyrev said that this is a question for the UN Security Council rather than for the General Assembly. "In contrast to certain other members of the 'Contact Group', we are not moving away from the Geneva accords or from what was decided in Naples," he noted. "It was stated there that conditions could arise when lifting the embargo would become inevitable. I have to say, however, that the majority of members of the 'Contact Group', primarily those who have contingents among the peacekeeping forces, realize that lifting the embargo would mean the end of the political process. The peacekeeping forces would then find themselves a primary target."

This would be an admission of failure and would be a green light for military confrontation between the sides, in other words for completely unrestrained war, the minister went on. In such a case, Russia and the remaining members of the 'Contact Group' would withdraw their peacekeeping contingents. However, there is a hope that the world community will manage to suggest a more civilized alternative.

On Russian-American relations, A. Kozyrev noted that the presidents' meeting would allow for an informal and serious conversation about how our partnership is developing. It will help to translate this discussion into the language of practical actions without the interruptions which arise at the bureaucratic level, said the head of Russian diplomacy.

Criticizes Diplomatic 'Maneuvering'

LD2209114794 Moscow INTERFAX in English 1053 GMT 22 Sep 94

[Text] Russian Foreign Minister Andrey Kozyrev told Interfax before flying to Kiev that the diplomatic activities in the Bosnia crisis did not meet high moral standards.

He said that some western partners in the contact group resorted to sophistry. Kozyrev complained that the contact group had not for two months taken courage to support the largely unprecedented step, taken by Slobodan Milosevic, who had dissociated his country from the Bosnian Serbs and supported the peace plan.

In Kozyrev's words, what is going on is petty diplomatic maneuvering around the issue. He said that some western diplomats misinterpreted the lifting of the embargo on air flights as allowing only Yugoslav companies to operate there. Russian and other members of the contact group were dumbfounded by this. True, the remarks certain diplomats made proved to be unofficial, he said.

He explained that there was a political will to start a political partnership of Russia, the U.S. and Western Europe. The contact group decided, he went on, to reward those who agreed to the peace plan and punish those who rejected it. In his words, Russia is prepared to vote for a resolution tightening sanctions against the Bosnian Serbs who have rejected the peace plan but some its partners in the group still cannot vote for a "symbolic" resolution on suspension of sanctions against Belgrade.

He was confident that Russian and U.S. presidents Boris Yeltsin and Bill Clinton would discuss the Yugoslav issues and agree on a common firm approach to these matters.

Kozyrev strongly objected to lifting the embargo on supply of weapons to Bosnian Moslems, which he said would result in an escalation of the conflict and wreck the peace plan.

Shokhin, Germany's Kohl Review Economic Cooperation

LD2109152794 Moscow ITAR-TASS in English 1504 GMT 21 Sep 94

[By ITAR-TASS correspondent Gennadiy Kulbitskiy]

[Text] Bonn September 21 TASS—Economic cooperation between Germany and Russia was discussed by German Chancellor Helmut Kohl and visiting Russian Vice-Premier Aleksandr Shokhin here today.

After the meeting, Aleksandr Shokhin said in an exclusive interview with ITAR-TASS that he had arrived in Germany on instruction from Russian President Boris Yeltsin.

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"As is known, the Russian president and the German chancellor maintain very close contacts, exchange messages and confer by telephone. In these contacts, the two leaders discuss a wide range of problems. Although relatively little time has passed since Yeltsin's visit to Berlin in May, the solution of a number of problems has been expedited since they were discussed in the course of that visit.

"During our conversation with the chancellor today we briefed him on changes taking place in the economic sphere. The head of the German Government expressed full support of Russian reforms. Moreover, he advised us to step up our publicity campaign in Russia and beyond to tell the world about our reform successes. Many people have no idea of what is really happening in Russia. The results we attained over the past few months, including the diminishing inflation rate, the growth of savings and the desire to invest them in production, are signs indicating that Russia is entering a period of stabilization.

"Our German partners believe that the Russian Government can be trusted because it abides by its commitments, including international", Shokhin said.

As concerns the state of economic relations between Russia and Federal Germany at present, Shokhin said: "Representatives of the Russian economy ministry are now meeting with their German counterparts here to review their approaches. Honestly speaking, the development of economic relations between our countries is not quite successful, particularly as far as implementation of some projects is concerned. We have reached an agreement on holding a regular meeting of the Russian-German inter-governmental commission on economic cooperation in St. Petersburg in early November, directly after the October 16 Bundestag elections in Germany. This will express our confidence that there will be no break in our relations after the general elections in Germany. We would like to make it clear to both the Russian and German public that we can not only discuss projects of one kind or another but also bring them to completion."

On the rescheduling of the Russian foreign debt, Shokhin told TASS that "next week, a bilateral Russian-German agreement will be signed, which will be a follow-up to the framework agreement with the Club of Paris. Within the framework of this agreement with Germany, Russia's debt payment to that country will be rescheduled. The Russian Government is set to abide by its debt commitments. No one in the past had any ground to rebuke Russia for having failed to honour its obligations. But now we have to ensure rescheduling of debts. We do not want our debts to be written off, but we want to work out a long-term schedule for debt repayment over several decades. Repayment must be arranged in a way that would not be too burdensome for the Russian budget, and at the same time would allow Russia to act as an honest debtor."

Asked whether implementation has begun of the project to build a highway linking European capitals to Moscow, the Russian vice premier said that "this highway must be built not by Germans but by all countries across whose territories it will pass, including Russia, Byelorussia [Belarus], Poland, Germany and France. It should be a European-scale project. Now is the time to think about a plan for the mobilization of financial resources. There are two versions. The first one calls for coping without involving the governments of the countries concerned and building the highway at the expense of private capital. But this would mean that the road will be toll-paying, and the investors will claim the land adjacent to the highway and the entire infrastructure, including filling stations and motels.

"The other version calls for the state to provide the initial impulse in the form of investments in the first stage and for investors to join in the realisation of the project later. We discussed these options with German officials, including with Horst Keller, a prominent German financial expert and an advisor to the Russian Government," Shokhin said.

LDPR Warns German, Norwegian Foreign Ministers

LD2109141594 Moscow INTERFAX in English 1328 GMT 21 Sep 94

[Text] The press service of the Liberal Democratic Party of Russia [LDPR] has warned that Foreign Ministers of Germany and Norway Klaus Kinkel and Bjorn Gudal could be declared persona non- grata in Russia soon.

The LDP, in a statement on Wednesday, said the Norwegian Embassy on Tuesday had refused to grant an entry visa to LDP leader Vladimir Zhirinovskiy who was scheduled to visit Norway as part of a Russian parliamentary delegation

"The party leadership has evidence that the Norwegian Embassy came under heavy pressure from the Russian Foreign Ministry on a very high level," says the statement. The LDP does not rule out that Germany's recent refusal to allow Zhirinovsky into the country was also the doings of the Russian Foreign Ministry.

The statement says the LDP "expresses its strong protest to the German and Norwegian foreign ministers whose actions are incompatible with the provisions of the Helsinki Accords." It also warns that all of those responsible in both ministries will be compelled to apologize to the Russian people before long. "This will happen very soon, contrary to the calculations of certain negligent politicians," says the statement.

Exchange Visits With Finnish Armed Forces Planned

MM2209092494 Moscow KRASNAYA ZVEZDA in Russian 20 Sep 94 p 1

[Report by Vadim Markushin: "Military Cooperation Plan Signed with Finland"]

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[Text] "We feel absolutely no threat from Leningrad Military District. We maintain equal partnership relations with it—exactly the same as we have with the entire Russian Army," Admiral Jan Klenberg, commander in chief of Finland's Defense Forces, said during a very brief conversation with journalists regarding speculation over the "large concentration" of Russian forces in the northwest region. Klenberg had come to Moscow as head of a military delegation to sign a plan for joint measures to develop cooperation in the military sphere between Russia and Finland.

On our side, the document was signed by Colonel General Mikhail Kolesnikov, chief of the Russian Armed Forces General Staff, who received the military delegation. According to him, the conversation during the meeting proceeded in the traditional manner—"in an atmosphere of the utmost frankness and amicability."

The plan for joint measures is scheduled for 1995-1996. It basically envisages the exchange of visits at various levels—with delegations from branches of the Armed Forces down to warships and ground troop subunits. No joint military exercises are planned.

Interior Ministry Troops May Go to Abkhazia

LD2109122394 Moscow INTERFAX in English 1122 GMT 21 Sep 94

[Text] Georgia's Interior Minister Shota Kviraya and the Commander of Georgian Interior Ministry troops, Gia Toradze, conferred in Tbilisi with the Deputy Commander of Russian troops stationed in Trans-Caucasus, Boris Dyukov. It was a closed-door meeting, the press center of Georgia's Interior Ministry told INTERFAX.

However INTERFAX learned from reliable sources that participants in the meeting discussed the possibility of moving Russian Interior Ministry troops to Abkhazia on a peace mission and setting up in Abkhazia's Gali District commandant's offices, whose work may be joined by the representatives of Georgian Interior Ministry troops.

Russian Troops Deployed in Ajaria 'Feel Fine'

MM2109145694 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 20 Sep 94

[From the "Novosti" newscast: Video report from Ajaria by Sergey Yegorov, identified by caption]

[Text] [Yegorov over video of artillery exercise] The artillery commander of the 145th Motorized Rifle Division is a lucky man. In comparison with other Russian Army combined units stationed outside Russia, this division, probably more than any other, is able to engage in combat training and to lead a normal army life. The Russian military feel fine here in Ajaria. There are several reasons for this—a favorable climate, a benevolent attitude among the local population, and virtually complete mutual understanding with the republic's leadership. Everyone is aware that the presence of the Russian division in Ajaria is a key factor in maintaining stability in this region which is so lacking in other parts of Georgia, where the authorities are sometimes simply unable to control the various armed groupings, many of which would not mind grabbing a bit of Ajar territory.

[Major General V. Gladyshev, commander 145th Motorized Rifle Division, to camera, identified by caption] The division has sufficient strength and resources, and the personnel's morale is high enough to preclude [?any such losses]. The Russian division's actions will be confined exclusively to maintaining order here.

[Yegorov] Incidentally, the peacekeeping batallion currently deployed in Abkhazia consists entirely of volunteers from the 145th Division. The division itself may soon be given the status of a Russian military base in this strategically very important region. [video shows artillery exercise, multiple rocket launcher in action, interview with division commander, lineup, army trucks on the move]

Official Views Topics of Upcoming DPRK Talks

LD2109151494 Moscow ITAR-TASS World Service in Russian 0903 GMT 21 Sep 94

[By ITAR-TASS diplomatic correspondent]

[Text] Moscow, 21 Sep—Moscow and Pyongyang plan to establish economic ties at the present stage. A sitting of the joint intergovernment commission for trade and economic and scientific and technical cooperation between the Russian Federation and the DPRK has been preliminarily scheduled to be held in Pyongyang in the last 10 days in October and will become the first meeting within the commission's framework since the demise of the USSR, Vladimir Fitin, deputy head of the Main Directorate for Trade and Economic Cooperation with the Asian-Pacific region of the Russian Ministry for Foreign Economic Relations, told an ITAR-TASS correspondent today.

The Russian delegation at the sitting will be led by Russian Deputy Prime Minister Aleksandr Shokhin and the DPRK delegation by Hong Song-nam, vice-premier of the republic's Administration Council.

According to V. Fitin, who is the executive secretary of the Russian side of the commission, the commission is expected to discuss cooperation between the two countries in power engineering, light industry, and forestry. Naturally, the issue of the participation of North Korean lumberjacks in developing the forest resources of Russia's eastern regions will not be forgotten.

Another topic for discussion is cooperation in the construction industry, including the employment of DPRK workers on Russian construction sites. Also, the issue of transporting Russian cargoes via the North Korean port

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of Najin will be examined. Bilateral scientific and technical cooperation will be presented in a separate package of issues. As regards trade links, the DPRK is interested in increasing Russian deliveries but on a barter basis and, first of all, with Russia's Far Eastern regions.

The forthcoming sitting of the joint inter-government commission is a certain element in the development of Russian-North Korean economic relations, the spokesman from the Russian Ministry of Foreign Economic Relations stressed. He noted, however, that a major breakthrough can hardly be expected. The thing is that the North Korean side is prepared to increase the purchase of Russian goods but, considering the North Korean financial situation, would like to do this with Russian state credits. Russia, however, does not have free funds, either.

Edict on Estonian Border Effective By Year End

LD2109124194 Moscow INTERFAX in English 1123 GMT 21 Sep 94

[Text] The Russian President's decree of July 18 concerning the unilateral demarcation of Russia's border with Estonia will be implemented before the end of this year, said Commander of the North-Western Border District, Lt.-General Vladimir Vyunov. Over 250 of about 1000 frontier indicators have already been installed, he told INTERFAX on Wednesday. Estonian border guards are reported not to be hindering the efforts.

Boris Yeltsin's decree on unilateral demarcation was prompted by the fact that the talks between Russia and Estonia on the border issue had reached a deadlock. Estonia does not recognize the present borders and refers to the Tartu Treaty signed between the Russian Federation and Estonia in 1920. Under the treaty about 2000 square kilometers of territory, currently in the Pskov and Leningrad regions of Russia, belong to Estonia. The Russian side views the Tartu Treaty as null and void.

'Uncompromising' Estonians Hinder Reactors' Removal

MM2109122894 Moscow Ostankino Television First Channel Network in Russian 1400 GMT 20 Sep 94

[From the "Novosti" newscast: Video report from Paldiski, Estonia, by Oksana Pashina, identified by caption]

[Text] [Pashina over video of nuclear installation in the distance] In Russia few people have heard of Paldiski. Yet this city has featured on the world's shipping charts for two and a half centuries. Now, according to some specialists, this Estonian city which came into being thanks to the Russian Navy has every chance of turning into a northern Chernobyl. Why? Until 1972 Paldiski was a center for training nuclear submarine crews. The power plants from that time are still there—nuclear reactors like those installed on nuclear submarines. As it withdraws from Estonia, the Russian Navy is evacuating its property. Incidentally, this is a very expensive operation. It will cost up to $10 million. Furthermore, the dismantling of the nuclear reactors is causing concern among European experts. However, the Russian side claims that the problem in Paldiski hinges not on money or technical feasibility but on the willingness and ability of Estonia and Russia to reach agreement.

The Estonian side is very uncompromising, demanding that not a single Russian soldier either in uniform or in blue overalls remain in the republic.

Despite all the complications, the first nuclear reactor was decommissioned 8 September. The dismantling of the second will take about a month. The entire operation will be completed within a year, following the removal of the fuel.

Border Guards Chief Opposes Grachev Proposal

LD2109122294 Moscow INTERFAX in English 1114 GMT 21 Sep 94

[Text] Commander of the Russian Border Guards Andrey Nikolayev expressed bewilderment concerning the latest proposal by Russian Defense Minister Pavel Grachev to authorize the armed forces to take over defense of the Tajik-Afghan border.

Tajikistan and Afghanistan are not in a state of war and troops on the border will only aggravate the situation, he told journalists in Moscow on Tuesday.

Commenting on Grachev's proposal, Nikolayev said that "everyone should mind his own business, attempts to meddle in other people's affairs, while neglecting one's own business, is very dangerous for the country."

Nikolayev believes that the Russian Border Guards have all the means necessary to guard the state border in Tajikistan. He pointed out that military hardware reinforcement is provided for by the law on the state border.

Tarschys Confident of Council of Europe Entry

MS2209102994 London THE EUROPEAN in English 23-29 Sep 94 p 1

[Report incorporating interview with Daniel Tarschys, Council of Europe Secretary-General, by Askold Krushelnyck; date and place not given; "Russia to Join Euro Family"]

[Text] Kiev—Russia looks set to enter the Council of Europe next year in a far-reaching move that brings the East closer than ever before to the mainstream of European politics.

Council members and officials have already begun the scrutinisation process to see if Moscow can meet the stiff criteria for membership, and the Council's new secretary-general Daniel Tarschys is optimistic that Russia will be admitted by next summer possibly as soon as

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May. "I feel sure Russia will meet the requirements to join our family of nations," he said.

The acceptance of Russia as a full member of the widest pan- European organisation would mean the West giving an official seal of approval to its new democracy. It could also see some of the political crises bedevilling the former Soviet empire solved in the Court of Human Rights instead of on the battlefield.

Tarschys told The European: "The political framework of the Council would allow Russia and other countries like Ukraine to bring their problems into a new forum where they could strive for common solutions. It's important for the political stability of Europe and its cohesion. Europe has the ability to consolidate democratic development of these countries."

The news of Russia's likely accession comes as France and Germany are preparing a new joint offensive to ease the path of east European states into the EU [European Union]. The move came after foreign ministers Alain Juppe and Klaus Kinkel met ambassadors from six east European candidate countries—Poland, Hungary, the Czech Republic, Slovakia, Bulgaria and Romania—and the Baltic states in Paris on 19-20 September.

Tarschys, 50, who has spent 15 years in the Swedish parliament and chaired the Committee on Foreign Affairs, took up his new post a few months ago and is keen to increase membership from the former Soviet bloc countries.

He was leading a delegation including the current Council chairman, Bulgarian foreign minister Stanislav Daskalov, on a three- day tour of Moldova, Ukraine and Belarus, all of which have applied to join the Council.

Officials from both Ukraine and Moldova said privately that they believed Russian membership of the Council of Europe could help restrain temptation by Moscow to meddle fiercely in its neighbours' affairs.

Ukraine's new president Leonid Kuchma said that his country would work rapidly to fashion a constitution that would get the Council's approval. He also said that if Ukraine entered the Council after Russia that would send the wrong signals, renewing fears that Ukraine would be seen merely as a subsidiary of Russia, and urged that both countries be admitted simultaneously .

Tarschys said that Ukraine should not view the application as a race. But Ukraine and Moldova's ambition to get there before Russia shows what importance the new eastern Europe states place on the Council.

The Council of Europe looked destined for redundancy until the fall of the Berlin Wall when it suddenly took on a new lease of life. It has a remit to strengthen democracies, promote human rights and encourage emergence of a European cultural identity. It has no executive power, but its breadth of scope allows it to wield considerable influence.

Former communist countries now trying to shrug off their totalitarian images saw membership of the Council as a chance to prove their new democratic credentials. Membership often made them eligible for western aid.

From ten countries at its foundation in 1949, the Council now has 32 members. Nine are ex-communist ones which joined in recent years; the only former Soviet republics to be accepted are Estonia and Lithuania.

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Political Issues

Yeltsin Says Civil Peace, Accord Needed

LD2209111594 Moscow ITAR-TASS World Service in Russian 1056 GMT 22 Sep 94

[Text] Moscow, 22 Sep (ITAR-TASS)—President Yeltsin stressed today that "stable democracy cannot take shape over one or two years. The establishment of democracy is a long and complex process."

"In order to ensure its success, civil peace, accord, and constructive cooperation between all the branches of authority are needed," the head of state remarked in a message of greetings which he sent to the scientific and practical conference "From the all-powerful soviets to representative democracy."

The scientific meeting is being held in Moscow to mark the anniversary of Presidential Decree No. 1400, which suspended the powers of the Congress of People's Deputies and the Russian Supreme Soviet.

The Russian president's press service has circulated the text of the message.

Yeltsin Meets With Chernomyrdin, Parliament Heads

LD2209083594 Moscow ITAR-TASS in English 0757 GMT 22 Sep 94

[By ITAR-TASS correspondent Lyudmila Yermakova]

[Text] Moscow September 22 TASS—President Yeltsin had a meeting in the Kremlin today with heads of the two chambers of the Federal Assembly Vladimir Shumeyko and Ivan Rybkin, as well as Prime Minister Viktor Chernomyrdin.

Yeltsin pointed out at the beginning of the meeting that "representatives of the president, the chambers of the Federal Assembly and the government exchanged views at their meeting rather effectively on the coordination of their work." The president suggested that such meetings be held regularly, and with the participation of the presidential side. This will make it possible to make decisions more promptly and to plan the work.

Journalists were not present at the meeting.

Discuss Improving Efficiency

LD2209130894 Moscow ITAR-TASS in English 1303 GMT 22 Sep 94

[Text] Moscow September 22 TASS—The main topic of today's meeting of Boris Yeltsin with Prime Minister Viktor Chernomyrdin and heads of the two chambers of the Federal Assembly Ivan Rybkin and Vladimir Shumeyko was "the improvement of the efficiency of branches of power during the implementation of the political and economic reform," Press Secretary of the Russian President Vyacheslav Kostikov told ITAR-TASS.

"It was stressed with satisfaction that positive trends are developing dynamically in the work of the State Duma and the Federation Council. Excessive politisation is being overcome, although it is not an easy process, consultations mechanisms are beginning to function during the settlement of differences," Kostikov said.

At the same time, according to the press secretary, it was pointed out at the meeting that "a lack of system in the law-making process has not been overcome in the work of the Russian parliament. Priority tasks have not yet been formulated, that would meet the needs of state development."

The president called attention to the need for adopting as soon as possible the civil code and the land code, and to the imperfection of the tax legislation, which hampers the civilised deepening of the reform.

Yeltsin "supported the idea of working out as quick as possible a clear plan of the law-making work, proceeding from the priority need for consolidating Russia's statehood and legal support for the requirements of the national economy, which is in the process of transition."

According to Kostikov, problems of material support for the work of both chambers of the Federal Assembly were discussed at the meeting.

Chernomyrdin Seen Scoring Points Amid Attacks

MK2209094094 Moscow NEZAVISIMAYA GAZETA in Russian 22 Sep 94 pp 1, 2

[Report by Ivan Zasurskiy under the "Opinion" rubric: "Premier Launches Fall Propaganda Campaign. Change of Government Now Would Be Premature"]

[Excerpts] On 20 and 21 September Russian Prime Minister Viktor Chernomyrdin staged a greater propaganda coup than anything he has done before throughout his time in office. His interview was first aired on the state-run first "Ostankino" Channel and then published in the state-owned ROSSIYSKAYA GAZETA and ROSSIYSKIYE VESTI newspapers (with a total print run of over 900,000 copies), and also transmitted through ITAR-TASS channels. What was it that the premier spoke about upon his return from Sochi, clutching an edict on a speedy sale of shares of the Gazprom Russian joint-stock company at the Vladivostok International Exchange following the distribution of shares among individuals at a closed all-Russia voucher auction? It was stabilization. [passage omitted]

It is also extremely important, however, what the prime minister did not say in his statements timed to coincide with the date of signing Edict No. 1400, and what no one in the presidential entourage said, either. Nothing was said about a change of policy. Yet it was hinted that there would be none. The presidential administration, too, used to call for a similar struggle "without compromise," albeit with emphasis on the moderate center.

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Approximately toward that time, a congress of Russian commodity producers was drawing to a close in the city of Cheboksary, where the once respectable public, trampled by raw material and energy monopolies and defeated by their own production structure, was teetering on the edge between constructive economic criticism and political intransigence. It seems that never before has the Russian opposition rallied in clearer battle-lines around Sergey Glazyev's ideas on political economy and the political line of Yuriy Skokov, a retired gray eminence, who has been laying claims to the post of prime minister in a post-Chernomyrdin cabinet.

The opposition members' statements are looking increasingly convincing with every passing month and week as the picture of the budget's failure and the amount of government debts and nonpayments is becoming more and more evident. "The government lacks a strategy for overcoming the economic crisis, nor does it have a program for resolving the most acute problems. Instead of consistently pursuing a course toward economic stabilization and recovery of domestic production, by edicts and decrees of the executive branch chaotic decisions are being made that call for no enforcement mechanism or responsibility, that add confusion to legislation, exacerbate the state of uncertainty and irresponsibility in the system of state measures of economic regulation... Economic policy is being carried out on behalf of corrupt bourgeoisie, foreign capital, bigwigs of unscrupulous dealings, and organized crime groups. If it is continued for another few months, it will lead to an irreversible, profound disruption of the scientific-industrial potential and the definitive loss of the country's independence, and the loss not only of the international market, but also a major part of the domestic market for our domestic manufacturers."

Sounds timely, doesn't it? In addition, Glazyev suggests that production be boosted not by cuts, but by stimulating demand (restoring savings, etc.). The Skokov-Glazyev movement's social support base is wide even at this stage. However, as the fighting for power is dragging out, and the economic situation is getting worse by the day, Skokov's commodity producers are forging increasingly close contacts with the trade unions and are drifting farther and farther to the left. There is a bound beyond which the commodity producers' desire to supplant President Yeltsin's democratic support group will turn into a wish to travel the path up to the political Olympus on their own. Rutskoy had once also been in charge of conversion.

There is still some time left, however, before the commodity producers reach the nonconformist point of no return. Moreover, after a major block of Gazprom's shares is turned over to private hands, the prime minister will have something to fall back on in case he has to step down. A change of government now, in an atmosphere of relative public stability, even before the trade union mass protest action, would clearly be premature.

Filatov Views Anniversary of Oct 1993 Events

LD2109140494 Moscow ITAR-TASS in English 1258 GMT 21 Sep 94

[By ITAR-TASS correspondent Tamara Zamyatina]

[Text] Moscow September 21 TASS—A presentation ceremony of a book entitled "Autumn-93", which was published on the initiative of the Russian president's administration, was timed to coincide with the anniversary of the Russian president's decree "on step-by-step constitutional reform in the Russian Federation", marked today. The book contains documents and media reports about dramatic developments provoked by the opposition and which led to the bloodshed in Moscow on October 3-4, 1993.

The main result of the notorious Decree No. 1400, signed by the Russian president on September 21, 1993, which terminated powers of the Congress of People's Deputies and the Russian parliament, was a possibility offered to the country to advance along the road of reforms. "The political situation was clarified and we can look into the future now without the fear of confrontation," said the Russian president's chief of staff, Sergey Filatov, in an interview with ITAR-TASS.

"During the time which passed since then politicians have learned to resolve problems on a conciliatory basis, in the framework of an agreement on civic accord," Filatov said.

He denied rumours alleging that the Russian leadership had reached a compromise with the irreconcilable opposition which had "provoked a tragedy last October and even now does not accept peace and calm in the country, cherishing plans to reverse the history".

Touching upon plans made by the opposition to hold an all-Russia party conference under the motto "return power to the people", Filatov said he was perplexed by such a formulation, adding that "for the past 70 years the people have never been even near to power."

Filatov criticised a fraternisation attitude of former vice-president Aleksandr Rutskoy, who had made his career when the wave of anti-communism reached its peak, towards the leader of the Russian Communist Party, Gennadiy Zyuganov, saying "I shall not be surprised if in the near future Rutskoy diametrically changes his views once again."

Yeltsin Opponents Call for Civil Disobedience

LD2109203094 Moscow ITAR-TASS in English 1945 GMT 21 Sep 94

[By ITAR-TASS correspondents Tamara Ivanova and Igor Belskiy]

[Text] Moscow September 21 TASS—Opponents of President Boris Yeltsin intend to remove current Russian authorities by using "all means consistent with

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international law, as well as with the Russian Constitution and laws that were in force until September 21, 1993".

This was the essence of a joint statement by parties and movements forming the united Russian opposition, which was read out by Ivan Shashviashvili, a leader of the Soyuz movement, at a rally in central Moscow on Wednesday.

A call for well-balanced actions against the current regime was also voiced by Ilya Konstantinov, a leader of the National Salvation Front.

"Remember, we must be careful, because we have been defeated once already", Konstantinov, one of the most fiery leaders of the old parliament, told the hardline protesters. He also said the opposition should look for allies everywhere, both in the government and in parliament, and even among "new Russians".

Speaking about the roots of the current situation in the country, mainstream communist leader Gennadiy Zyuganov pointed to the ongoing process of unification of patriotic forces, which he considers a necessary condition of a victory. In saying so, he first of all referred to the recent meeting of opposition leaders in the western Russian city of Kaliningrad.

The leader of the Communist Party of the Russian Federation also announced the intention of these joint opposition forces to launch a campaign for collecting signatures in favour of early presidential elections and extension of mandates for "bodies of people's representative power solely".

In addition to it, according to Zyuganov, 19 leaders of communist parties had agreed earlier in the day to work for restoration of a single union state.

The rally was also addressed by former Vice-President Aleksandr Rutskoy, whose speech was rather smooth and evasive.

In contrast to him, leader of the Officers' Union Stanislav Terekhov sounded very determined, especially in his appeal saying "all power to working people and the military".

Opposition Leaders Address Moscow Rally

LD2109223894 Moscow Radio Rossii Network in Russian 1800 GMT 21 Sep 94

[Text] The opposition held a march and rally in Moscow on 21 September to mark the anniversary of the decree which triggered the October events. Here is our correspondent Yevgeniy Zherebenkov with the details.

[Zherebenkov] This action was organized by a number of communist and patriotic parties and movements, Working Russia, the Russian Communist Party, and the Officers' Union. They managed to assemble about 5,000 people, who marched in an organized column through the center of Moscow from Pushkin Square to Teatralnaya Square. The column was headed by Viktor Anpilov, Sazhi Umalatova, and Stanislav Terekhov.

The rally opened at 1800 [1400 GMT] on Teatralnaya Square. Its participants honored with a minute of silence the memory of those who died in the October events. The speeches by the opposition leaders then proceeded according to the usual scenario. They berated the antipopular and criminal regime which had usurped power and had ruined and sold off the country. They called for a universal political strike. They chanted bellicose slogans of Anpilov's Working Russia: "Comrade, Be Brave and Throw Boris out on his Ear!" and "Put the Yeltsin Gang on Trial!".

Sazhi Umalatova called for a campaign of civil disobedience and said elections should not be held until Boris Yeltsin resigns. Viktor Anpilov told those assembled that the only chance for electing a leader for the whole people is to appeal to the people. Anpilov also proposed the following presidential candidates: Varennikov, Tuleyev, Umalatova, and, of course, himself. Working Russia proposed holding a Russia-wide referendum on 7 November to choose a national leader.

Aleksandr Rutskoy spoke at the rally but did not mention the presidential elections. He confined himself to the well-known theses of the imminent fall of Yeltsin's venal, pro-American regime and the need for the renaissance of Russia as a great power within the borders of the Soviet Union.

In the next few days the opposition intends to hold a whole range of actions in Moscow devoted to the anniversary of the October events.

Nationalist Party Shuns 1993 Coup Commemorations

LD2109215394 Moscow ITAR-TASS World Service in Russian 1348 GMT 21 Sep 94

[By ITAR-TASS correspondent Igor Belskiy]

[Text] Moscow, 21 Sep—The Russian National Unity led by Aleksandr Barkashov has refused to take part in the events planned by the opposition for September-October 1994. A statement published by the movement today says, among other things, that the procession and opposition rally held in Moscow on 21 September "are nothing but mourning for Soviet power." The document makes it clear that its authors do not want "the memory of the tragic events of the fall of 1993 to be turned into a cynical political show and an advertising campaign for yet another lot of patriotic opposition leaders."

Russian National Unity has announced that it is going to hold a memorial service for those killed in the coup at one of Moscow's churches on 4 October.

Rutskoy Defends Role in 1993 Moscow Coup

LD2109201694

[Editorial Report] Moscow Russian Television Network in Russian at 1625 GMT on 21 September carries the

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"Details" program with a 13-minute report on the anniversary of the start of the 1993 Moscow coup. The program features Aleksandr Rutskoy, the former Russian vice president and currently an opposition leader.

Correspondent Nikolay Svanidze interviews Rutskoy about his week and a half as a self-proclaimed acting president in September-October 1993. Rutskoy defends his actions, including his order to attack the Moscow mayor's office, saying that he was forced to act in this way by the violent and offensive behavior of Yeltsin's troops: "Why don't you recall that for a week and a half people were atrociously beaten up at subway stations; that on 2 October firearms were used in Smolensk Square against a demonstration; that a demonstration heading for the House of the Soviets was fired on first by snipers and then by submachine-guns? Why should not someone recall all of these things?" Rutskoy says that he has video footage of the presidential forces shooting at unarmed people and he makes Svanidze promise that such tapes would be shown on TV if he produced them.

Rutskoy says that the Russian media has been continually presenting a biased picture of his actions and the events of the October coup. "The Russian people know a different truth; we Russians think about it differently and therefore know about different things," whereas "your impressions come from the views impressed on you by the people currently in power," he told Svanidze. "If edict No. 1400 (Yeltsin's edict disbanding the Supreme Soviet) had not been adopted, and if Yeltsin had not been winding up the situation by continually provoking conflicts ever since December 1992, none of these things would have happened."

Later, Rutskoy is confronted with a video clip in which Yegor Gaydar accuses him of cowardice, which he indignantly denies: "He has no grounds for making statements like this. This is nothing but an insult, a slap in a man's face. This whelp—and I can find no better name for him—does not know what it means to fight...This breed of people is only capable of underhand acting."

Rutskoy Denies Plans To Run for Presidency

LD2109203994 Moscow ITAR-TASS in English 1849 GMT 21 Sep 94

[By ITAR-TASS correspondents Tamara Ivanova and Igor Belskiy]

[Text] Moscow September 21 TASS—Former rebel Vice-President Aleksandr Rutskoy is not seeking power, nor is he planning to run in the forthcoming presidential or parliamentary elections, according to his interview with TASS on Wednesday.

Speaking about the restoration of the former Soviet Union, Rutskoy said it was not his intention either. "My goal is the revival of Russia as a great power in the geopolitical space", he stressed. As for the newly-independent states, "not behaving properly" with respect to Russia, they should be "congratulated on obtaining sovereignty and independence" by cutting off Russian electricity, gas and oil, the former vice-president said.

According to Rutskoy, with all that variety of unions, parties and organizations we have now, people just cannot make out what opposition is. "Until we pool our efforts and create a mass public and political movement, we shall not be able to do anything", he emphasised.

As for the mixture of the left-wing, right-wing, irreconcilable opposition forces, which cannot find a common ground, Rutskoy described this as a "political farce". Opposition parties should "stop their political clashes", he stressed.

Gaydar Predicts No Serious Social Outbursts

MM2109132794 Moscow KOMSOMOLSKAYA PRAVDA in Russian 20 Sep 94

[Article by "Russia's Democratic Choice" Leader Yegor Gaydar under the "Direct Speech" rubric: "It Is Important Not To Act Stupidly Now"—from the KOMSOMOLSKAYA PRAVDA DELOVOY VTORNIK section p 3]

[Text] The other day I was on party business in Kaliningrad, Bryansk, Ulyanovsk, and Yekaterinburg. I had many meetings with the public, entrepreneurs, and the regions' leaders. Among the impressions I took away with me was that of the increasing burden of employment problems. It has a grave effect on people's general condition. But at the same time the number of complaining directors is beginning to fall significantly below that of reformist directors. This is a good sign.

Different regions' administrations are carrying out different economic policies, and their results do, of course, differ. The market in Yekaterinburg and Kaliningrad is very reminiscent of that of Moscow. But in Ulyanovsk a communist experiment is being carried out. There is a strict ration card system there. On the eve of my arrival all traders' stalls were dismantled; there is an informal ban in operation on bringing in imported goods. They are holding out in the economy due to pressure on major enterprises and the exchange of their output by barter. I have never seen such a poor selection in stores. The starchy-moist sausage with what seemed like a smell that had been completely forgotten, reminded me of the recent past. In addition, everything which is on ration cards is more expensive in Ulyanovsk than in Bryansk. Bryansk is also a region in trouble. The high concentration of the military industrial complex facilities, Chernobyl, employment problems, and low wages are all weighing down on an administration which is, as a whole, fairly dynamic.

Today everybody understands that private money goes where there are reliable guarantees of private ownership, where a firm democratic nucleus has formed. Unfortunately, in many of the country's regions (Ulyanovsk and Bryansk are cases in point) the following extremely

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unpleasant form of dependency is developing. A decrease in production leads to low wages. This in turn feeds dissatisfaction with the reforms and support for the communists, which creates an unfavorable climate for investment. Then again we have a spiral of low wages, job shortages, and support for the communists.... It is extremely difficult to escape from it. But this is necessary as these regions have in tow a whole series of problems connected with the reforms.

I came away from the trip with the certainty that there is not a high level of political tension in the country. There are few people who want to rip up the cobblestones, though there is no shortage of those who would like to radicalize the situation. People are already interested in pragmatic matters. In 1992 you could not have imagined that the main problem for people would be where to invest their money.

At present it is important for the government not to do anything stupid. Unfortunately, it has already made a large-scale blunder on 4 August when it fixed state purchase prices for grain. This government had already made a similar mistake once. Last year the agrarian lobby foisted high grain prices on the government.

But why should the government come forward as the universal purchaser of running shoes, laces, and grain? There is no sense in that at all. The market does this work. Do, please, come to Samara exchange, buy and sell things, and settle your bills there and then; there is no escaping the salesmen and their customers. So the price doesn't appeal? Introduce a subsidy. No, the agrarian lobby imposed high prices—double those of the market—and enormous volumes for the grain purchases. As a result a budgetary crisis was created then. After this a sharp increase began in the default of payments for the defense order and to students, military personnel, pensioners, and doctors. But were the kolkhozes' bills paid? Nothing of the kind. Just the same it was impossible to mobilize so much money.

We are doing the same in 1994. We are again fixing prices two times above those of the market. This will have an absolutely obvious consequence: The price of bread, mixed food, milk, meat, and eggs will increase. In parallel with this the budgetary crisis will deepen and non-payments in the social sphere will again increase. We already cannot provide in the least bit normal pensions today because the money has been diverted, but it does have to be put to work in a realistic manner. We will again settle our accounts with the peasants before next year, and again they will not receive what they wanted. What is most offensive of all is that those who "forced the government's hand" will just the same not say thank-you to it. The agro-communist lobby will ride roughshod over it the same.

After the government had set off the crisis in August, a mass of centers of social tension appeared. I often wonder whether this is bing done deliberately? Yet I am deeply convinced that there is no potential for a serious social outburst in Russia today. The people do not want to man the barricades. They want to set themselves up in life.

"Russia's Democratic Choice" is not nevertheless going to oppose the government. We understand that the latter's policies reflect the real situation, the disposition of forces in the Duma. It is in essence a coalition government—very different political forces are represented in it, which is what allows it to hold together. But it is carrying out several different economic policies. While privatization corresponds to our party program guidelines and we are prepared to take full responsibility for it, we cannot answer for agrarian policy.

Our party faction in the Duma intends to get the Civil Code adopted as quickly as possible. Why? Very simple. Economic growth guarantees an increase in prosperity. Economic growth means investments. The basic investments today—now that it is impossible to raise taxes any more—are private investments. Private investments need guarantees of the owner's rights. The fundamental significance of the Civil Code is as a kind of Constitution for private property. This is why we will also defend this Constitution.

It is easy to make promises to the voters, saying choose me and I will provide every woman with a teetotal man. Such work does not require intellectual exertion or moral underpinning. It is more difficult to tell the truth. And we are telling the truth. We are saying that it was not Gaydar who took the people's money away from them. It was the last two communist governments which took it by squandering the country's gold and foreign currency reserves. We are being honest when we say that it will not be possible to restore citizens' savings to them earlier than in 10 years' time given that there is economic growth. We are openly saying that nationalism is as destructive to Russia today as it was to Germany. It is for this very reason that we must not repeat the mistake of December 1993 when the democrats became alienated among themselves and suffered defeat. We have no differences on matters of principle such that we might once again bristle with suspicion, offense, and ambition against one another. Russia has gained democracy through suffering. Now the most important and difficult task is to make it secure. The new totalitarianism —no matter whether it is communist or national-patriotic—is fatal for Russia.

Gaydar on 1996 Elections, Democrats' Chances

MK2109124094 Moscow MOSKOVSKIYE NOVOSTI in Russian No. 40, 18-25 Sep 94 (Signed to press 20 Sep) p 7

[Interview with Yegor Gaydar, leader of the Democratic Choice of Russia party, by Tatyana Yakhlakova under the "Politics" rubric: "Gaydar's Party Attacks the Province"—place and date not given]

[Excerpts] Toward the end of the parliamentary recess Yegor Gaydar made a five-day tour of Russian provinces. A delegation of the Democratic Choice of Russia

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party visited Kaliningrad, Bryansk, Ulyanovsk, Yekaterinburg, and Tyumen. Upon his return to Moscow, its leader gave an interview for MOSKOVSKIYE NOVOSTI.

[Yakhlakova] Yegor Timurovich, would you please sum up your main impressions from the tour.

[Gaydar] The most pleasant one was that I discovered that people still read MOSKOVSKIYE NOVOSTI. And, as I learned to my greatest astonishment, the newspaper reported that I allegedly support the idea of postponing presidential and parliamentary elections for two years...

[Yakhlakova] If this is not so, we offer our apologies. [passage omitted] Do you think that if elections are held on time they will have a favorable outcome?

[Gaydar] I have no grounds to think so. I simply believe that they should be organized as scheduled. As for their outcome... The outcome of a chess game depends on how you are playing it. But this does not mean that if you do not like the way the game is proceeding you should take a castle and hit your rival on his head with it.

[Yakhlakova] Still, let us return to our first question...

[Gaydar] Seriously speaking, I would single out three main impressions from the trip. First, rumors about the upcoming frightening fall, yet another famine, and a social explosion seem to be groundless. Undoubtedly, there are serious problems in the regions, but there is an insignificant potential for a revolution or barricades. Second, indeed, people are currently preoccupied first with their own problems, with improving their own life, but they are not depoliticized. They simply do not want turmoil, but at the same time they want to understand what is going on. Finally, third, the feeling that party activity is currently impossible because no one is interested in politics nowadays does not square with reality, either. We have actually just started setting up our party, but things are going fairly well. However strange it might seem, the reason people are ready to engage in politics is that they are fearful of drastic upheavals, they want to give themselves and Russia a chance to adapt to new conditions, they want stability. [passage omitted]

[Yakhlakova] In its previous issue MOSKOVSKIYE NOVOSTI published a survey conducted by the "Public Opinion" fund. It follows from the survey that not only is the democratic electorate breaking up into fragments, but it is also losing interest in politics. Did your trip give grounds to believe that voters will turn out for elections?

[Gaydar] I think that people are fairly reasonable. They are perfectly aware that very little depends on local authorities, hence the low turnout in elections for oblast dumas and city halls. The 1993 parliamentary elections, too, reflect the fact that the main leverage of power is currently concentrated in the hands of the president. This is just the case where one can express discontent without having to fear dreadful consequences. I am absolutely convinced that at the presidential elections turnout will be high. This is what actually happened in Ukraine and Belorussia [Belarus].

[Yakhlakova] You said recently that the democrats should agree on a single presidential candidate and that this candidate should be Yeltsin. Is this the president's idea or one of your own?

[Gaydar] This is my idea, and its essence is extremely simple. The 12 December elections have shown a singular irresponsibility of a policy aimed at splitting the democratic camp. Not to draw lessons from that would be very dangerous. In my opinion, the objective of any responsible democratic politician is to make sure that we have a single candidate who would be able to win the support of a wide range of voters. Who it will be will be decided in the fall of 1995. At present, to my mind, this is, to all appearances, Boris Yeltsin.

[Yakhlakova] Don't you think that precisely this candidacy could lower voter turnout?

[Gaydar] It would be splendid if another candidate emerges who could help increase it. But don't forget that the list will also feature Rutskoy, Zhirinovskiy... It will not be a choice between Yeltsin and nobody. It will be a choice of one's own life for years to come.

[Yakhlakova] Have you already started consultations with other parties?

[Gaydar] We are trying to, although, of course, it is too early to do so. But such consultations, without doubt, should take place before democratic forces hold a congress.

[Yakhlakova] Is this the reason you proposed that it be moved from this fall to next spring?

[Gaydar] The congress would make sense if we manage to agree on three things: On a presidential candidate, on collaboration during elections in majority districts, and on civilized standards of polemics between parties of the democratic bloc. This will take time.

[Yakhlakova] Do you think that your party will firmly stand on its own feet by next spring?

[Gaydar] I think that by that time it will be largely capable of functioning.

[Yakhlakova] Out of the five cities you have visited, where do you have the worst chances of success?

[Gaydar] I think in Bryansk Oblast, even though we have a good organization there. This is a typically depressed region, one of the most difficult cases at that. There, a vicious circle has come about: A depression-hit region—low average wages—a high level of support for the communists—a lack of property guarantees—a lack of private investment—depression... And here we go again. This is why the local administration asked our institute

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to help draw up a development strategy, to look at the budget, investment projects, and so forth... [passage omitted]

[Yakhlakova] Commenting on your trip, IZVESTIYA suggested that the pendulum of public preferences, which sharply swung to the left last December, has begun a reverse motion. Did you also get this impression?

[Gaydar] I think that the situation is more complex. But now it is easier to talk to people than it was in December 1993. This is absolutely true.

Democratic Russia, Reforms Movement Sign Agreement

LD2109124094 Moscow INTERFAX in English 1123 GMT 21 Sep 94

[Text] The co-chairs of the Democratic Russia movement—Galina Starovoytova, Lev Ponomarev and Gleb Yakunin—have signed with the leader of the Movement for Democratic Reforms, Gavriil Popov, an agreement on a political union.

As they told a news conference in Moscow on Wednesday, Democratic Russia and the Movement for Democratic Reforms agreed to hold regular consultations "to work out common stands to various aspects of political and public life and coordinate political actions."

According to Ponomarev, they will coordinate their actions largely when "nominating candidates for elections to legislative bodies and to local government bodies," and to other elective posts. In particular, Ponomarev explained to Interfax, they will coordinate their candidate for the 1996 presidential elections.

A working group has been set up to coordinate actions between Democratic Russia and the Movement for Democratic Reforms.

Democratic Choice To Back Borovoy in By-Elections

MK2109112094 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 21 Sep 94 p 2

[Unattributed report under the "Non-Stop" rubric: "Democratic Choice of Russia Chooses Borovoy"]

[Text] Yegor Gaydar's Democratic Choice of Russia party has decided to give its backing to Konstantin Borovoy in State Duma by-elections for a seat vacated by Andrey Ayzderdzis, the assassinated banker and a friend of the Khasbulatovites, scheduled to take place 30 October.

Democratic Choice is doing so because it has not nominated its candidate in the district. Furthermore, the number of candidates for the single seat up for grabs in the Mytishchi district has already exceeded 10. So if each democratic organization fields its own candidate, some Zhirinovites or dyed-in-the-wool commies could well win once again.

Russia's Choice To Hold Congress 8-9 Oct

MK2209112094 Moscow NEZAVISIMAYA GAZETA in Russian 22 Sep 94 p 1

[POSTFACTUM report under the "In Brief" rubric: "'Russia's Choice' To Meet in Suzdal"]

[Text] The "Russia's Choice" movement will hold a congress 8-9 October in Suzdal. According to Aleksandr Sharavin, chairman of the movement's Moscow Oblast chapter, the congress is planned to adopt a new version of the movement's charter and to elect three to five cochairmen to replace the current chairman, Sergey Kovalev. In Mr. Sharavin's words, Mr. Kovalev decided to quit as the movement's chairman because he had assumed the post of chairman of the Russian president's Human Rights Commission.

'Perestroyka Veterans' To Form Social Democratic Party

MK2209095094 Moscow SEGODNYA in Russian 22 Sep 94 p 2

[Report by Gleb Cherkasov under the "Social Democracy" rubric: "Perestroyka Veterans Back to Their Old Devices. A New Party of 'Reforms With a Human Face' Being Created"]

[Text] Aleksandr Yakovlev, general director of the "Ostankino" All-Russia State Television and Radio Company; Yevgeniy Shaposhnikov, the president's representative in the "Rosvooruzheniye" company; Gavriil Popov, chairman of the Russian Movement for Democratic Reforms; and Yuriy Chernichenko, Federation Council deputy, have announced the creation of the organizing committee of a "United Movement of Social Democrats." Also joining in the movement are Anatoliy Sobchak; Vadim Bakatin; Stanislav Shatalin; Svyatoslav Fedorov; Ivan Kivelidi, chairman of the Free Labor Party; Anatoliy Golov, chairman of the Social Democratic Party of Russia; and Nikolay Shmelev, Georgiy Khizha, Yelena Medvedkova, Ivan Laptev, and Valeriy Shegortsev. Besides, according to the new organization's executive director Yuriy Zaytsev, Yevgeniy Savostyanov and Aleksandr Vladislavlev have rather approved of the initiative. The movement's first congress has been scheduled for this coming December, and may found a Party of Social Democracy. Aleksandr Yakovlev has become chairman of the organizing committee, with Yevgeniy Shaposhnikov as his deputy.

As Aleksandr Yakovlev put it, the new organization is conceived as a "party of reforms with a human face, a party of correcting, a party of democratic stability." Mr. Yakovlev pointed out that main attention will be paid to the party's organizational development in the regions. According to Yevgeniy Shaposhnikov, "the doors to the

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new party are open for everyone," while Mr. Shaposhnikov deemed it necessary to assure the journalists that neither Aleksandr Rutskoy nor Mikhail Gorbachev are expected in the new party.

If the initiative of Mr. Yakovlev, Mr. Shaposhnikov, and Mr. Popov results in the creation of an influential organization, the social democratic niche in the Russian political spectrum will be contested by two blocs—the new party being created by the perestroyka veterans, and the social democratic movement Vasiliy Lipitskiy is currently forming.

Social Democrats To Hold Congress

LD2209024494 Moscow ITAR-TASS World Service in Russian 1247 GMT 21 Sep 94

[By ITAR-TASS correspondent Lyudmila Yermakova]

[Text] Moscow, 21 Sep—The first congress of the United Movement of Russian Social Democrats [Yedinoye dvizheniye sotsial-demokratov Rossii], which in the long term will be transformed into a party, is scheduled to be held in December. This was announced at a news conference today by members of the congress organizing committee.

"At the present stage, there is the need for a centrist party that would ensure constitutional forms for the state's existence," the well-known politician Aleksandr Yakovlev, chairman of the organizing committee and head of the Ostankino television company, explained. The new association is due to become such an organization, free of radicalism and any calls for upheavals and violence. At the same time, the movement will be reformist and oriented toward social support for the population. Those initiating its creation do not rule out the possibility that it will be called the party of "social democracy."

Several organizations, including the Social Democratic Party of Russia and the Party of Free Labor have declared their readiness to join the United Movement, and the Peasant Party and the Alternative Association are near to such a decision. The signatories of an appeal on unification include the eminent public figures and politicians Sergey Alekseyev, Pavel Bunich, Fedor Burlatskiy, Anatoliy Sobchak, Ivan Laptev, and Gavriil Popov. Marshal Shaposhnikov, who is deputy chairman of the organizing committee, noted that he "would like to see a party without either Gorbachev or Rutskoy."

Members of the organizing committee said that the new party will have three watchwords—liberty, justice, and solidarity. They particularly emphasized that social democracy has nothing in common with Bolshevism and that the process of the movement's development was artificially broken off in 1903. As a result, social democracy was unable to show itself to be a creative political force. The movement's organizers count on support from the regions and the creation of organizations there. In the long term, the social democrats intend to obtain seats in parliament and in government. They do not call themselves an opposition to the existing government, although they by no means agree fully with the line of Russia's leadership.

CPRF Campaigns for Early Presidential Election

MM2209103794 Moscow PRAVDA in Russian 22 Sep 94 p 1

[Article by Aleksandr Shabanov, deputy chairman of the Communist Party of the Russian Federation, CPRF, Central Executive Committee: "Giving Power Back to the People. Open Meeting of Russian Communist Party Begins"]

[Text] The all-Russia party meeting has begun. Its policy agenda "Giving Power Back to the People" is essentially the first categorical demand from Communists since August 1991 to hold early presidential elections and refuse to extend the Federal Assembly's powers. Had Communists in the CPSU and the RSFSR Communist Party been more resolute before 1991, we would not now be having to draw up this sad martyrology—the country has been set back dozens of years.

There was a crisis point in September 1993, but we were unable to master the situation. For objective reasons. This fall will be the last chance to constitutionally replace a regime which is completely bankrupt and to give power back to the people. And it is no accident that the all-Russia party meeting coincides with the start of the signature-collection campaign for early presidential elections and against the extension of the Federal Assembly's powers. The party meeting will last 21 through 30 September and, under the rules, the signatures will have to be collected in three months—21 September through 21 December.

The work is difficult. But the organization that copes with it will become stronger. Today we are publishing a template for the petition form. It has been OK'd by the lawyers, everything about it is legal, and there are references to the existing Constitution—citizens are entitled to take part in running the state's affairs. Their opinions, their decisions, and their rights are protected under the law.

Such petition forms are available at all signature-collection centers at Communist Party of the Russian Federation rayon, city, and oblast committees. Telephone 292-60-60 inside Moscow and 206-87-89 outside Moscow.

The signatures will be collected by members of action groups—it would be a good idea if party meetings were to discuss how best to do this so as not to offend anyone by missing them out. All Russians, irrespective of whether they live in a city or a small village, have their own views and proposals for how to get the country out of the crisis. It is very important to listen to people and understand them.

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One other point—the collection of the signatures is a matter not just of verifying the organizational mobility of the Communist Party itself, but also of its ability to work with assistants and allies. Together we can get Russia off its knees.

Solzhenitsyn Defers Comment on 'Who Should Govern'

MM2109112194 Moscow KOMSOMOLSKAYA PRAVDA in Russian 20 Sep 94 p 6

[Report by correspondent Vladimir Ladnyy under "Around Our Native Country" rubric: "It Transpires That Aleksandr Isayevich [Solzhenitsyn] Has Not Yet Returned to Moscow"]

[Excerpts] Rostov Oblast—He has been staying in Rostov-na-Donu, where he spent his youth and particularly happy years of his life. Here is what the great writer told KOMSOMOLSKAYA PRAVDA's correspondent. [passage omitted]

Here in Rostov he spent his youth and particularly happy years of his life, he confided to KOMSOMOLSKAYA PRAVDA. Both the northern prisons, where he had occasion to live up to his randomly selected childhood nickname "Walrus," and the 12 years of separation while he was in America—all that was yet to come.

Aleksandr Isayevich Solzhenitsyn is spending this week in the city of his youth, where he attended school and the institute. This could have been why it was with teachers that he held the first meeting and organized a kind of city pedagogical council. Or maybe because he himself taught for 10 years. And possibly also because most people who come to these meetings see him as the Teacher of Our Generation.

The teachers came to him with their woes. Of which there are many. "Pupils are involved in sex, music, and anything at all except their studies. Interest is declining. There are no wages, no men teachers left, no prestige...."

The Teacher With the Tolstoy-style Beard, dressed in a gray shirt worn outside his trousers, diligently made an summary of their woes. And he thought.

What exactly does he think about how to instruct Russia?

"Before the revolution in this country the word 'teacher' was held in infinitely higher regard than it is now," Solzhenitsyn lamented. "Over the decades we have made it unprestigious. The ratio of men to women in this profession should be half and half, as in a family. But now men have to feed their families, and they have left teaching. After the war we boosted science and men flocked into it. Now they are flocking into trade.

"Everything will be restored, but at the moment life is reminiscent of Brownian movement, and all the time youths are subjected to deceptive, false temptations which try to trick them: You need not study or improve yourself, you need to know how to earn money easily. Our schools are not managing to correct this process. The old problem of the cook's children appears in them: Whoever has money will get into a higher education without knowing anything but they will be useless specialists, while those who are a poorer but more talented will be unable to get in.

"In 70 years we have not accumulated anything, we have wasted everything," Solzhenitsyn went on. "First of all we have wasted our spiritual potential. We have ruthlessly cut down the entire best part, the entire thinking part of the people, and have destroyed it not according to the principle of genocide but according to the following principle: Those capable of having their own opinion and arguing—get 'em! We have now arrived as the plundered generation. We must marvel that we still have such potential left, despite all the destruction. You know, the fact that we had metallurgy, the fact that we constructed blast furnaces and whole cities like Magnitogorsk, that people flew in space, and that nature was spoiled—you know, this does not constitute progress. We have wasted our economic and spiritual potential. We have published books which are not read."

...Although speaking freely on the subject of the regions, Aleksandr Isayevich completely brushed aside KOMSOMOLSKAYA PRAVDA's question:

"You have written about how to build Russia. But who in your opinion could build it? Whom do you see as its best 'ruler'?"

"I am trying to talk only with the local press, because the local press does not ask me such questions," he smiled. "But I have not talked to the Moscow press because I have not yet returned to Moscow. The fact that I lived there for a month was like a breathing space between journeys. I am now traveling again. I will return to Moscow only in a while, and I will give the country an answer to such questions."

Khasbulatov Holds News Conference on Chechnya

MM2209091594 Moscow SOVETSKAYA ROSSIYA in Russian 22 Sep 94 p 1

[Report by Galina Orekhanova: "Scarlet Cluster"]

[Text] "Yearning for the Motherland! A darkness long since exposed!..." You could not help remembering these penetrating lines of Tsvetayeva's when, at the press conference held in Ruslan Khasbulatov's Moscow apartment, your eye involuntarily took in the still life painting hanging on the wall—a scarlet cluster of rowan berries....

The invitation to the press conference in Moscow was a surprise: What? Is Khasbulatov in Moscow?

"I wanted to report the specific situation which has taken shape in the Chechen Republic because in Moscow and in the world there is an extremely distorted idea of the

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events taking place there. Blood is being shed. People are dying. People are in opposition to the ruling regime.

"You ask what has caused this? In the three years since Dudayev's regime came to power the entire economy and all social institutions have been destroyed in the republic. People have forgotten what work and wages are, 87 percent of children are not at school, in the mountainous part of the republic schools have been completely shut, windows have been smashed and roofs have caved in. The petrochemical complex, one of the most powerful, which back in the early eighties refined up to 20 million tonnes of oil a year, has been destroyed almost entirely. Oil is not being extracted at all, and not a kopek has been invested in the republic's economy over the past two years. The truth is that no ideological 'isms' are popular in th e republic right now—people want a normal life. People are protesting the Dudayev regime's countless threats against Russia...."

Nonetheless, why did Ruslan Khasbulatov visit Chechnya again?

Because, he explained, he has recently been approached constantly by fellow countrymen with just one request: "Help your fellow countrymen to save Chechnya from civil war." And Khasbulatov could not fail to respond. He visited the village of Tolstoy-yurt, where his brother Uvays lived, moved in next to him in the club building, and opened the headquarters of the peacekeeping mission. Uvays has now died, riddled with rifle bullets.... He has just been buried.

"From the start of our peacekeeping group's work," R.I. Khasbulatov says, "from 11-12 August through 1 September the process of searching for a peaceful solution to the crisis was under way in the Chechen Republic. We in the peacekeeping group were eagerly approached by people and working structures from Dudayev's regime—ministers, commanders of the military and police machine, they were of many different kinds—Afghan war veterans, an Abkhazian battalion, an armored regiment, the guard.... They all said: 'We do not want to fight and we are grateful to you for taking on the conciliation mission.' It seemed that this harsh totalitarian regime was loosening up. But this development of events evidently did not suit it and on 1 September armed men disguised as civilians on buses got into the zone of the provisional council armed forces near Urus-Martan and began to open fire on the civilian population. They met with organized resistance. Four days later the armed attacks were repeated, against Argun this time, and there was also fighting there involving tanks and armored vehicles. The latest attack was on Tolstoy-yurt: Some 10 tanks and six armored personnel carriers approached the village and engaged the local militia in a fight. They were forced to retreat, but people died and many were injured. The peacekeeping groups has recently been receiving a large number of people and they have been asking: Since the Russian Government has announced that it supports the provisional council, since it states that it is not indifferent to the fate of the people living in the Chechen Republic, then why will it not help them deal with Dudayev's mailed 'fist,' since after all his entire force consists of 20 tanks, a few mortar pieces, 20 guns, and a few 'Grad' devices? People are waiting for Russia to help neutralize this 'mailed fist.' There are no other social forces supporting the regime."

Tired, shaken by the death of his twin brother, Ruslan Imranovich had a special word for those taking part in the press conference:

"I am finding that journalists on arriving in the Chechen Republic give distorted information, emphasize the descriptions which I allegedly give of the Russian leaders. I want to stress that in general I do not name any names, considering the delicate nature of my situation and the past. I ask you to understand as human beings that people are dying.... Every person who dies is someone's brother, husband, and son.... Understand that! I ask you once again to understand that when a bloody conflict flares up in the body of the Russian Federation it is a Russian conflict. I have come here for two or three days to get this idea to the Russian Federation leadership."

And I remembered Tsvetayeva's words: "They cut down the rowan at dawn. The rowan—a bitter fate. The rowan—down the gray slopes. The rowan! Russia's fate."

Filatov Denies Government To Meet Khasbulatov

LD2109225394 Moscow NTV in Russian 1800 GMT 21 Sep 94

[Text] The information about Chechnya came mainly from Moscow sources today. Sergey Filatov, head of the Russian president's administration, told journalists today that there has been no discussion so far of Ruslan Khasbulatov meeting the government and the president. He denied the possibility of Russia helping the Chechen opposition. Sergey Filatov believes the only way out of the crisis is for free democratic elections to be held in Chechnya.

Cossacks Favor Radical Measures Against Chechnya

LD2109204594 Moscow INTERFAX in English 1819 GMT 21 Sep 94

[Text] Russian Cossacks have nothing to do with the treaty signed by Chechnya and the so-called All-Great Cossack Troops signed by their Commander Nikolay Kazitsyn, members of the Council of Commanders of the Union of Cossacks said at a press conference in Moscow today.

Commander of the Union of Cossacks Aleksandr Martynov said that the union disapproved of this treaty as a document discrediting Cossacks and contradicting the state policy of Russia and the Russian president, which does not recognize Chechnya's independence.

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Martynov made it clear that Kazitsyn who had signed this treaty was not a military commander and thus could not represent the Union of Cossacks of the Don Troops region which Kazitsyn called the All-Great Cossack Troops. Martynov added that he considered the treaty with Dudayev as a "private deal between individuals."

If Chechnya is not an independent state, Russian legislation must be applied on its territory. We drew the attention of the Russian president to all violations of the law in Chechnya and asked him to take urgent measures towards Chechnya. All 102 Cossack commanders voted for this statement, Martynov said.

Media Issues

Radio, TV Companies Issue Ultimatum to Government

LD2109134694 Moscow INTERFAX in English 1303 GMT 21 Sep 94

[Text] Russia's radio and television relaying enterprises have threatened to cut the daily broadcasting time for state radio and television programs to two hours from October 20 unless the government pays them its arrears, totaling 410 billion rubles, within the next month, the Communications Workers' Union leader said.

Anatoliy Nazaikin told a news conference on Wednesday that the money state radio and television companies have paid relaying enterprises since the beginning of the year has actually been enough for no more than two hours of broadcasting a day.

Nazaikin surmised that the reason for the low funding were [as received] insufficient government allocations for state radio and television.

Asked by INTERFAX whether the relaying companies are determined to carry out their threat, Nazaikin replied, "The Russian leadership must not allow this to happen." "Even during the war radio was broadcasting full-time," he added.

Communication Workers Demand Apology From Poltoranin

LD2109114694 Moscow Radio Rossii Network in Russian 1100 GMT 21 Sep 94

[Text] A news conference was held in Moscow today by the leadership of the communication workers trade union devoted to the problems of radio and television. Remarks made on the Ostankino television channel by Mikhail Poltoranin, chairman of the Russian State Duma Committee for Information Policy and Communications, were specifically at issue. Yelena Filippova has the details.

[Filippova] In his speech, Mikhail Poltoranin spoke about the privatization of 40 radio and television broadcasting centers, including in Volgograd. On the other hand, the communication workers claim that the information reported by Mr. Poltoranin is completely untrue. An official reply has been received from the chairman of the Committee for Management of State Property in Volgograd. It says, I quote: There has been no preparation of any kind toward flotation and privatization of the Volgograd radio broadcasting center. End of quote.

Communications workers say that these centers cannot be privatized because, according to the state privatization program for state and municipal enterprises, their privatization is prohibited. They think that Mikhail Poltoranin's statement has exacerbated the already tense situation concerning communications enterprises. On the basis of Article 43 of the Russian Federation law on the mass media, the Coordination Committee and Executive Committee of the communications workers trade union are demanding a public apology and official denial by Mr. Poltoranin of the misinformation he gave.

Paper Objects To Subsidies 'Misrepresentation'

MM2109143094 Moscow SOVETSKAYA ROSSIYA in Russian 20 Sep 94 p 1

[Unattributed rejoinder: "A Strange Criticism of the Newspaper. Subsidized Lies"]

[Text] In Sunday's edition of the Itogi program on NTV, presenter Ye. Kiselev broached the "vexing" question of subsidies for the mass media. First there was the showdown between the television service and the Communications Ministry. Then the public was introduced to Mr. Gryzunov, deputy chairman of the press committee, who has begun to appear on television recently. He sternly condemned all recipients of subsidies as plunderers preying on the tax payer and mentioned the multibillion sums which he has to give out, but the only example of such scroungers that he cited was SOVETSKAYA ROSSIYA, which he alleged combats the state and has the gall to expect a subsidy.

Well, in the first place, the allegation that our newspaper combats the Russian state is the product of a functionary's sick imagination. SOVETSKAYA ROSSIYA's readers value the newspaper for the fact that in every issue it defends the interests of their beloved fatherland, persecutes its enemies, and is consistently patriotic. Its attitude toward the present government's policy is a different matter, but you will permit us to have our own position on that score.

Now let us deal with the "honor" of being top of the list of subsidy recipients.... We can only guess at why our newspaper is top of the list. Since the beginning of the year SOVETSKAYA ROSSIYA has received a subsidy totaling 40,256,000 rubles. In other words, one three-hundred and seventy-fifth part of the 15 billion mentioned in the program. Why did they not mention KOMSOMOLSKAYA PRAVDA, which received 19 times more than that, or TRUD, which has been treated

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over 20 times more generously? Indeed, you could mention any other newspaper, because ours received least of all. What were the criteria used by Mr. Gryzunov, who is in charge of the relevant commission for the distribution of budget resources? To judge from recent comments he was motivated by political prejudice, subservience, and blind hatred of SOVETSKAYA ROSSIYA. We would have been happy to have all our suppositions refuted, and we had to glean our figures from a lengthy questioning of our colleagues even though at the start of the year it was authoritatively stated that subsidies would be distributed openly and all the figures would be published.

We cannot overlook Mr. Gryzunov's misrepresentation when he said on the Itogi program that subsidies cover 30 percent of publication costs. In the case of SOVETSKAYA ROSSIYA those resources do not cover even one-tenth of production costs: You cannot produce even two issues for 40 million nowadays....

Now for a strange criticism: Was the editorial office entitled to "ask" for a subsidy. SOVETSKAYA ROSSIYA's many readers, like the editorial office itself, are law-abiding citizens, pay their taxes scrupulously, and make their contribution to the state treasury—that very budget from which resources are taken not just for subsidies for the press but also for the upkeep of government employees. Our readers have every right to receive their newspaper published with the support of state funds.

One last point. When launching into various attacks on SOVETSKAYA ROSSIYA, Mr Gryzunov did not say a word about how and when his department intends to make good the losses of 1.5 billion (in last year's rubles) that the newspaper suffered as a result of the arbitrary suspension of its publication for two months last fall. Let us remind you that the two-month stoppage of SOVETSKAYA ROSSIYA's publication has been ruled unlawful by the court and the order at that time from the deputy minister of the State Committee for the Press [as published] to suspend publication has been rescinded and ruled invalid. How long must we wait until the officials draw their conclusions from the court's verdict?

Our readers are entitled at the very least to expect repentance, to use the current vogue word, but all that they have been given is insults. Thank God it has gone no further than insults.

Economic Issues

Chernomyrdin on 'New Stage of Reform'

MM2109104594 Moscow ROSSIYSKAYA GAZETA in Russian 21 Sep 94 First Edition pp 1-2

[Interview with Russian Premier Chernomyrdin by unidentified correspondent; date and place not given: "Viktor Chernomyrdin: There Will Be a New Breakthrough in Reform Sphere"]

[Text] [ROSSIYSKAYA GAZETA] Viktor Stepanovich, what are the main problems which the government is currently working to solve?

[Chernomyrdin] Everything we are currently doing can be summed up in the following phrase—we are shaping the conditions for the transition to a new stage of reform, when support for investment will be key, and this in turn will be an incentive for structural improvements.

The existence in the economy of a self-sustaining investment process is the main sign that the transitional period is coming to an end. If there are stable mechanisms for realizing private investment projects in industry, transportation, and the development of communications and social infrastructure facilities, then that is a market economy in the full sense of the word.

We are now working to "gear" all the instruments and mechanisms of the state's economic policy to the realization of this task. And, at the same time, we are creating mechanisms to implement the well-known packages of presidential economic edicts—whose entire logic, incidentally, is constructed so as to achieve a definite breakthrough and progress in resolving a new class of tasks in the sphere of reform.

I am thinking above all of the edicts "On Private Investment in the Russian Federation" and "On the Development of Financial Leasing in Investment Activity."

The government will now annually allocate capital investment of 0.5 percent of GDP to finance highly effective investment projects drawn up with the participation of commercial structures. And the funds will be placed exclusively on a competitive tender basis.

The state's share in each of these projects will be up to 20 percent.

The rest will be funds from private—including foreign—investors. There is one criterion behind our choice—investing in "areas of growth" that will show a return after no more than two years. The question of the ownership of the installations and production facilities being created or modernized will be resolved in line with the proportion of funds invested.

As for leasing, it is becoming a priority avenue of state support for Russian business. Leasing enterprises—mainly in the form of open-type joint-stock companies—will, in particular, be able to enjoy certain customs privileges when temporarily importing goods used in leasing operations.

Those are just two examples of what the government is currently working on in the sphere of boosting investment.

It is the actual state of the economy that is prompting us to do this. We have substantially slowed inflation. Its rate was even lower than predicted during the summer months. On the one hand, this gives us extra room for

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maneuver in the financial sector. On the other, a certain budgetary tension has emerged owing to the decline in revenues.

Whether we like it or not, stable finances depend directly on the situation in industry. And there, nonetheless, the first encouraging results are evident.

The trend toward a certain stabilization in industrial production has been maintained for the third month in a row. It is worth noting that there is a growth trend in the basic sectors of industry—electricity generation this September is up 7 percent, coal extraction is up 4 percent, the level of gas and oil extraction has virtually stabilized, production of steel pipes in September was 14 percent up on August, and so forth. At the same time, machine building, most light industry sectors, and consumer durables production are experiencing a structural crisis. The main cause of the fall in production in these sectors is low output competitiveness and, consequently, poor demand for the goods.

[ROSSIYSKAYA GAZETA] Is that directly linked to the defaulting problem?

[Chernomyrdin] Yes, all these main problems are tied up around the defaulting issue. This is a real Gordian knot for our economy. We won't be able to cut through it overnight, coordinated and carefully weighed action across the board of economic reform will be needed. It was for this reason that the government operations commission was set up. Although it has not been at work very long, there has already been some progress.

Solutions have been found in schemes to repay the budget's debts to sectors and organizations in certain spheres of economic management (the acuteness of the issue of backlogs of salary and leave payments for teachers and other workers in the education sphere has been eased, among others). Draft legislative and normative acts ensuring the use of bills of exchange of a standard type when formalizing obligations for supplied goods and services have been drawn up. A range of measures has been outlined to eliminate the payments crisis in the fuel and energy sectors. In order to restore order in the utilization of budgetary funds work has been launched to transfer budget accounts at all levels to Bank of Russia institutions and the federal treasury. In accordance with the presidential edict, all types of state duties have been reviewed. This is making it possible to enhance the effectiveness of the work of the courts of arbitration, not least as regards bankruptcy proceedings.

The agreement of basic sectors (transportation, power generation, metallurgy, coal mining, and the energy system) to joint action to stabilize prices in the second half of 1994 and to cut reciprocal debts is also of fundamental importance for solving the default problem.

This last point is very noteworthy—the idea of price agreements between different sectors has proved to be not only feasible. It can now be said to have become part of economic practice. Over the past two months progress has been made in work with insolvent enterprises. Lists of them have been drawn up. The Federal Bankruptcy Agency is picking up steam.

Several decisions have been made which allow us to rectify things without declaring specific enterprises bankrupt. It is also typical that sometimes merely being on the "blacklist" makes people look for creative managerial solutions. For instance, in the last month alone three major enterprises have left the insolvent list—in other words, they managed to solve the default problem at their own level.

In short, the main question of operational policy in the next few months will be payment discipline and the normalization of the system of transactions in the national economy. If we make progress in this area we will be able to say that reform has reached a new level.

As regards longer-term work, preparations are currently being completed on the draft budget for 1995, and the government has received a number of proposals on amending the tax system. The principles and mechanisms of structural and investment policy are being worked out. The State Committee for the Management of State Property is preparing a package of normative acts which should ensure that post-check or investment privatization is implemented.

Preparation of the government's draft economic program for 1995-1997 has begun. We will receive the first version by early October. Then we will begin a wide-ranging discussion of it.

[ROSSIYSKAYA GAZETA] Viktor Stepanovich, if the essence of the new stage of reform is to boost investment, one of the main problems which, without any exaggeration, is of concern to everyone is taxes and the capabilities of the securities market. What has been done in this area and what will the government be doing?

[Chernomyrdin] You know how many rebukes we have endured and are enduring about taxes and the excessive nature of the current tax burden. And the collection of taxes is not so successful—the treasury receives only 40-50 percent of what it should be getting.

A presidential edict has instructed the government to submit to the State Duma a number of draft laws aimed at improving the tax system. The aim of these amendments is to reduce the number of taxes and cut the main tax rates levied on enterprises (this means above all the profits tax, VAT, and taxes on pay and production levels) to 10-12 percent. This will make it possible to boost investment more vigorously and also, to a certain extent, to iron out the excessive distortions in differentiating the incomes of different population groups.

It is planned to cut the tax burden on economic players, primarily by cutting the number of different types of extrabudgetary funds.

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A strict maximum-level list of federal, regional, and local taxes will be determined. There must be no "high-handedness," particularly at local level.

The taxation of citizens' incomes is a difficult issue. In order to ease the tax pressure on low-paid categories of citizens it is planned to double (from once to twice the minimum wage) the size of people's tax-free allowance that is excluded from their total annual income. The existing minimum tax rate of 12 percent will be maintained. It is planned to increase the tax rate from 30 to 35 percent for individuals with very high incomes.

The appropriate draft laws were submitted to the Duma the other day. Reform of the tax system should be completed by the Russian Federation Tax Code, a concept of which will be elaborated by late 1994, to be submitted for examination by legislators next year.

We will be making these changes to the tax system over three-four years so as to ensure that the country enters the new tax arrangements gradually, without any abrupt leaps or surges.

A distinguishing feature of current economic life is the sharp growth in operations on the securities market. This market ensures movement of capital and the improvement of the investment climate. The government attaches great importance to the development of the securities market, seeing it as part and parcel of the country's financial market and closely linked with the overall problems of attracting investment and bringing about financial stabilization.

This market is currently characterized by a large number of issuers of securities and by the existence of large amounts of financial assets held in certain sectors of the economy, as well as by the population. All these funds could potentially be invested via the securities market in priority industrial sectors.

But the existing normative legal base and the very undeveloped securities market infrastructure are holding back these positive processes. We are lagging behind considerably in this area—as shown by the number of scandals involving unscrupulous companies such as "MMM, "Tibet," and so forth.

But the increasingly frequent abuses in the financial market and the violation of citizens' rights require the adoption of swift measures by the government.

We are making our main measure the task of accelerating the adoption of laws on joint-stock companies, securities, and stock markets, the elaboration of which at government level is near to completion. They should reflect all the issues relating to the activity of all participants in the securities market, issuers, investors, financial intermediaries and consultants, and organs involved with the state control and regulation of this market.

[ROSSIYSKAYA GAZETA] Viktor Stepanovich, year in year out our economy is substantially influenced by so-called seasonal factors. These include the harvest campaign, Arctic shipments, and preparations for winter. What is the picture in this area today?

[Chernomyrdin] Seasonal factors have always been and always will be present in our economy. They are due to Russia's geographical location, its natural and climatic conditions, and much else besides. They are an objective reality which, as it were, there is no getting away from. The issue here is to create the optimum economic management system which can and should allow the economy to negotiate seasonal peaks without any trouble.

I think that many people will agree that seasonal factors are a stumbling block that we have encountered for several years running in implementing our entire anti-inflation policy. These facts are well-known, and so there is no need to repeat them. The problem here (and, to be blunt, it is one of our main problems today) is that we still lack any definitively formed market mechanisms in this sphere. I would even say that it is in these seasonal factors that the transitional nature of our economy and all its concomitant shortcomings are most acutely and painfully evident.

This year will largely be a breakthrough year. I want to emphasize that we are deliberately leaving certain old plans behind. I know that there have been a lot of contradictory interpretations of this. But there are no grounds for panic.

The accumulation of fuel stocks by suppliers and consumers for the fall-winter period is on schedule. We expect fuel stocks by 1 October to have been created in amounts corresponding to the 1993 level. The level of fuel stocks in areas of the extreme north and regions east of the Urals is, on the whole, in line with the average Russian level.

The harvest campaign is coming to an end. The gross grain harvest is expected to be 90 million tonnes. More than half of the sown areas have already been harvested. Around 70 million tonnes of grain have been threshed. The total requirement for federal state grain needs and for regional stocks is 36 million tonnes. And it is entirely realistic to purchase this amount from this year's harvest.

The main question is the shortage of funds for grain procurement—which explains the definite lag behind last year's rates. This is now being remedied. Actual money has started arriving for grain purchases. At the same time, the sowing of winter grain is ahead of last year's rates.

The situation with "Arctic shipments" is being normalized too. Total centralized financial resources already allocated come to R9.2 trillion. As against a requirement on the whole of R9.5 trillion. The loans issued in 1992-1993 have been extended. In a number of cases the

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regions are shipping goods north on the basis of government guarantees because of the shortage of funds. Of course, there are still a lot of acute problems in a number of regions. We will resolve them swiftly, the mechanisms for this have been worked out—not least by using Defense Ministry forces and assets (mainly transport aircraft).

I want to say yet again that with regard to all seasonal factors we will be working at the level of 1993. But this gives me no satisfaction. Since the new market mechanisms have not fully taken shape. And if we fail to achieve a breakthrough in this area, then each new year will require still greater efforts from us just to mark time, as it were.

It is not battles for the harvest that we need but a normal grain market. Consequently, for instance, we have decided not to fix prices for grain. There are now recommended prices which exist alongside exchange prices. And the exchange prices are lower. So that is the first major market effect already.

A considerable proportion of the last grain harvest was unsold. In these conditions, the best-quality grain is being bought for the (federal and regional) stocks. This is another positive change. The consumer is the winner. Prices will be lower—that will make things easier for stockraising, too.

But if the result of today's pricing policy is that the broad outline of next year's grain market is already determined, this would be an entirely different solution to the problem.

It is the same situation with "northern shipments." We are presently working to involve in this activity the major commercial banks, private companies, and companies where the state holds a significant stake. The oil industry is ready to take full responsibility for the shipment of fuel resources. So, to sum up, we are now working simultaneously in two areas. First, we are ensuring the 1993 level. Second, we are laying the foundations of the new market mechanisms for the future. I think that as early as 1995 seasonal problems will largely be resolved on a new basis.

[ROSSIYSKAYA GAZETA] You often tour the country and visit the regions. In the past two months alone you have been to Nizhniy Novgorod, Penza, Karelia, Lipetsk, Yaroslavl, Smolensk, and Vyazma. What do you as prime minister gain from these trips?

[Chernomyrdin] That is a very easy one to answer. I am deeply convinced that any leader involved one way or another in questions of the national economy and the economic reform in Russia is simply compelled to make such trips. I am no exception. To gain a deeper understanding of our vast economy there is a lot that you have to see with your own eyes. Then your vision becomes, as it were, wider and sharper.

There are 69 components of the federation in Russia: Each one has its own pace of transformations and its own economic and, indeed, political temperature. Not to visit the localities is like watching a black-and-white television. However, life is polycrhomatic.

In addition to that, all my past experience is directly linked to such trips. I am convinced that the more direct dialogue you have the more productive work will be, and the more well-founded its results will also be. This is a character trait, if you like, but I feel more confident when I see everything for myself and, most important, when I see people in action.

Sometimes emotions overflow during these trips, but governors, directors, and minsters all open up in a different way, they open up more fully. In addition, the assessment of their work and, incidentally, of my own is immediately obvious.

You see the mood of people in the shops and in the fields, you see the shelves in the stores, you see the organization of production, the tenor of life in the cities and the regions, and much else. All this is very graphic and very convincing. I have to say that very many government decisions originate from meetings at local level.

Take, for example, the problems of conversion and the fate of the defense complex. This is one of the main economic headaches right now and, accordingly, is the object of the government's special attention. These issues crop up during practically every trip. At meetings with directors in the defense sector and with leaders in Perm and Penza Oblasts we discussed what needs to be done to increase the production of competitive civilian output, how to ensure that enterprises' unique capacities have work to do, and how to keep people employed.

In Perm, for example, they have begun producing some good equipment for the oil extraction and construction industries. But the oil, energy, and transport industries are spending vast amounts of foreign currency acquiring the same kind of equipment abroad! We have instructed the State Committee for the Defense Sectors of Industry to organize regional and sectoral fairs of defense complex output. This will be done in the weeks ahead.

I support the defense workers' proposal on the creation of a Russian conversion fund to accumulate budget and nonbudget resources for the support of conversion. The corresponding draft presidential edict is being prepared.

During these trips interesting ideas occur which, if applied beyond the framework of the region, could have a major impact on the situation in the economy as a whole. Take, for example, the experience in Nizhniy Novgorod in the issue of oblast loan bonds and their experiment with land privatization. It was during these meetings and trips that the idea of regional mutual debt offsetting occurred, which will substantially help to resolve the problem of nonpayments.

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Major proposals have also been put forward by the Association of Governors, with which the government has established a permanent dialogue. All the valuable and essential elements from these proposals will be used literally down to the last detail. On the whole the role of the regions in the adoption of the most important economic decisions should increase substantially. That is also part of our new regional policy. Incidentally, there is a considerable increase in the proportion of regional approaches in the government's new action program for 1995-1997 which we are working on right now.

[ROSSIYSKAYA GAZETA] Both chambers of the Federal Assembly will resume work at the beginning of October. What will the government be submitting to parliamentarians? What innovations will there be in relations between ministers and deputies?

[Chernomyrdin] First I want to say that on the whole I am satisfied with the way relations are shaping up between the government and the Federal Assembly. I do not hide the fact that those relations are quite difficult. But they contain the essential ingredient which works toward the stability of political life in Russia—they lack confrontation. The debates are taking place—albeit sharply—within constitutional bounds, with strict observance of the balance of powers. This situation cannot be compared with what we had even a year ago.

We are living in a different political era now. There is a new Constitution in operation and the Social Accord Treaty has been signed. Reliable mechanisms for its implementation are being developed. These days, of course, probably everyone has a bitter memory—the memory of the tragedy the country experienced in October 1993. We paid too high and terrible a price to consign the threat of civil confrontation to the past. We cannot forget.

The government, for its part, will do everything in its power to ensure that the fledgling Russian democracy develops on the principles of accord, cooperation, and constructive interaction among all responsible political forces. Of course, this applies to relations between the government and parliament, too.

I do not want to go into the specifics too much right now. I will only say that before the end of the year we plan to initiate around 50 draft laws and submit them to the State Duma.

First of all there is the 1995 draft budget and a set of legislative acts connected with amendments to taxation policy; draft laws on questions of social policy, housing reform, the regulation of foreign economic activity, support for private investments, and a number of others.

We want to submit the government's draft medium-term program "The Development and Deepening of the Economic Reform in 1995-1997" to the deputies' examination (although we still need to think about the form of the document and the procedure for its presentation). This is undoubtedly a new feature in interaction between the government and parliamentarians. I am sure that this discussion will substantially augment and enrich the program.

Furthermore, we would like to launch this within the framework of the standing Council on the Economic Reform—a kind of roundtable of the social and political forces which signed the Social Accord Treaty.

All the necessary organizational preparations are now in full swing. I believe the council will begin work in October. That will considerably expand the scope for interaction and cooperation with parliament. I am sure this will ultimately have a positive impact on the effectiveness of all legislative activity.

Says Manufacturers' Tax To Be Reduced

LD2109141494 Moscow ITAR-TASS World Service in Russian 1346 GMT 21 Sep 94

[By ITAR-TASS correspondent Oleg Velichko]

[Text] Moscow, 21 Sep—"The Russian government will make changes to the tax code stipulating a reduction in the taxation of manufacturers from 1995," Prime Minister Viktor Chernomyrdin said during an inspection of examples of industrial output at the government building in Nizhniy Novgorod today. He was responding to a question from an ITAR-TASS correspondent.

Viktor Chernomyrdin also spoke in favour of reviving investment activity because "without this, the second stage of the reforms is unlikely to happen." The prime minister sees the government's main task in connection with this as "creating the necessary conditions and removing obstacles." He said that the edict on private investment signed by the Russian president was primarily aimed at encouraging the investment activity of medium-sized and small businesses.

With regard to the Nizhniy Novgorod exhibition, Viktor Chernomyrdin said that today's realities "reveal the people who are not just trying to survive but who are managing to create and do things at the same time." "What we have seen at the exhibition today shows that the economy is in the process of recovering," he said, "and the examples on display are simply unique."

Financial Trust Collapses, 200,000 Lose Savings

LD2109222594 Moscow Radio Rossii Network in Russian 1900 GMT 21 Sep 94

[Text] The ALD trust, in which people invested their money because extremely high interest was promised to them, has closed down. Interfax learned at the Moscow mayor's office on Wednesday [21 September] the director of the company absconded abroad. Equipment has been removed from the office, and its doors are locked. According to preliminary reports, some 200,000 depositors lost their money as a result of the closure. Their deposits ranged from 100,000 rubles to 100,000

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dollars, depending on their private wealth. According to the registration documents, the authorized capital of ALD amounted to a mere 100,000 rubles.

Government To Pay Workers' Wage Arrears

LD2109170794 Moscow Ostankino Television First Channel Network in Russian 1400 GMT 21 Sep 94

[From the "Novosti" newscast]

[Text] It is with great satisfaction that I am reading this news item, which affects millions of people in Russia, I mean those who for several months have not been receiving wages for their labor. It looks as if the situation is beginning to change for the better. At any rate that is the conclusion reached by our correspondent who visited Government House in Moscow today.

[Ivan Pankov video report from meeting chaired by Soskovets] Although as a whole the problem of arrears will not be resolved in the near future, citizens will be receiving before the end of the year what the states owes them from the budget in the form of wages. This assertion was stated repeatedly at the sitting of a government commission on improving the system of payments and settlements. Oleg Soskovets, first deputy chairman of the government, also holds the view that the nonpayment of wages has turned from being a social problem into a political one. The budget's direct arrears amounts to some 2 trillion rubles at present.

Labor Minister Gennadiy Melikyan said that teachers, doctors, cultural workers, scientific workers, servicemen, and militiamen will soon receive this money.

What is extremely important, Deputy Finance Minister Vladimir Petrov stated at the sitting, the state now has funds available for this. He gave the assurance that this does not mean that additional bundles of money are now being printed and that a new inflation spiral should be expected.

Touching on the recent assertions by Aleksandr Livshits, head of the Russian president's group of experts, to the effect that the government intends to freeze the population's monetary income, those who spoke regarded them as completely unfounded.

Presidential Edict on Private Investment

MM2109140094 Moscow ROSSIYSKAYA GAZETA in Russian 21 Sep 94 First Edition p 4

[Russian Federation Presidential Edict No. 1928, signed by President Yeltsin: "On Private Investment in the Russian Federation"]

[Text] With a view to developing private investors' initiative and making more effective use of private investment in the Russian Federation under market economy conditions, I decree that:

1. The Russian Federation Government shall provide for the annual allocation of capital investment in the amount of 0.5 percent of GDP to fund highly efficient investment projects drawn up with the participation of commercial structures, on condition that the funds are placed on a competitive tender basis.

2. It shall be laid down that efficient commercial projects linked primarily with the development of "growth areas" in the economy where investors put up not less than 80 percent of their own or borrowed funds, including foreign investments required to implement the project, are entitled to take part in the tender to obtain state capital investment. And investors' own funds (joint-stock capital, profit, amortization) should amount to at least 20 percent.

The recoupment period of these projects, calculated on the basis of the methodological provisions ratified in 1994 by the Russian Federation Ministry of Economics, the Russian Federation State Committee for Industrial Policy, and the Russian Federation Ministry of Construction should not, as a rule, exceed two years.

Those projects which provide the greatest benefit for the Russian economy in the course of meeting the above conditions shall be deemed to have won the tender.

3. It shall be laid down that projects are submitted for tender to the Russian Federation Ministry of Economics and should have a business plan as well as the findings of a state environmental analysis and a state nondepartmental or independent analysis.

The Russian Federation Government shall be entitled to make additional demands on those submitting projects envisaging the use of foreign investment.

4. It shall be laid down that investors in a winning tender are entitled to choose the following forms of state participation in the financial backup for the project:

a) the granting by the Central Bank of the Russian Federation of a foreign-currency-denominated state loan for not more than 24 months at LIBOR [London Inter-Bank Offered Rate] plus 1-7 percent depending on the novelty of the project (for projects with no counterpart in world practice, the minimum rate will apply). Investors will be informed of the LIBOR rate by the Central Bank of the Russian Federation prior to the tender;

b) the provision of state investment resources on condition that state ownership is retained over part of the shares in the new joint-stock companies; these will be sold in the marketplace two years after profits begin to be earned from the implementation of the project. The size of the block of shares retained in state ownership and the year of their sale shall be determined in accordance with the project's business plan.

5. It shall be laid down that proceeds from the sale of the shares retained in state ownership in accordance with Paragraph 4 of this edict shall be used to additionally

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fund highly efficient plans over and above the level of funds indicated in Paragraph 1 of this edict.

6. It shall be laid down that private investors who have invested their money in the implementation of a project included in the federal investment program shall have the right of ownership over the created (or modernized) installations and production facilities in accordance with the proportion of funds invested.

[Signed] Russian Federation President B. Yeltsin
Moscow, the Kremlin
17 September 1994
No. 1928

Edict on Gazprom Share Flotation

MM2109120994 Moscow ROSSIYSKAYA GAZETA in Russian 21 Sep 94 First Edition p 4

[Russian President's Edict No. 1931 "On the Sale of Shares in the Russian Joint-Stock Company 'Gazprom'" signed by President Yeltsin on 17 September 1994 in the Kremlin, Moscow]

[Text] In connection with the failure to observe the set deadline for presenting the results of the Interregional All-Russia specialized check auction for shares in the Russian Joint-Stock Company "Gazprom" and also for the purpose of ensuring finance for the construction of the Yamal-Western Europe gas pipeline, **I decree:**

1. The Russian Federal Property Fund is to speed up the presentation of the results of the Interregional All-Russia auction for shares in the Russian Joint-Stock Company "Gazprom," bearing in mind that in accordance with the State Program for the Privatization of State and Municipal Enterprises in the Russian Federation ratified by the Russian President's Edict No. 2284 of 24 December 1993, personal responsibility for observing the deadline for the sale of shares in enterprises to be privatized is borne by the chairman of the property fund in question.

2. The Russian Joint-Stock Company "Gazprom" is instructed to take measures to ensure the effective working of the depositor system and the maintenance of a shareholders' register. The Russian President's Commission for Securities and Stock Markets is to give the necessary assistance to the Russian Joint-Stock Company "Gazprom" in the organization of a market in shares in the Russian Joint-Stock Company "Gazprom."

3. Bearing in mind that the Main Provisions of the State Program for the Privatization of State and Municipal Enterprises in the Russian Federation after 1 July 1994, approved by the Russian President's Edict No. 1535 of 22 July 1994, envisage the sale via stock markets of shares in open-type joint-stock companies created in the process of privatization, and also given the need to safeguard the interests of investors and the establishment of a genuine market price for Russian Joint-Stock Company "Gazprom" shares, the Russian Federal Property Fund must within one week conclude a contract with the Russian Joint-Stock Company "Gazprom" for the sale through stock market auctions via the Vladivostok International Stock Market of all shares remaining unsold when setting the Interregional All-Russia specialized check auction rate for shares in the Russian Joint-Stock Company "Gazprom." To ensure the efficient sale of the aforementioned shares the Russian Federal Property Fund is to include in the contract the right of the Russian Joint-Stock Company "Gazprom" to conclude the corresponding contracts with financial brokers.

All the financial proceeds from the sale of the shares covered by the present edict constitute privatization resources and are to be used for specific purposes as prescribed by paragraph 8.11 of the State Program for the Privatization of State and Municipal Enterprises in the Russian Federation as ratified by the Russian President's Edict No. 2284 of 24 December 1993.

4. In accordance with the Main Provisions of the State Program for the Privatization and State and Municipal Enterprises in the Russian Federation after 1 July 1994, the Russian Federation Government must resolve the question of the early sale of Russian Joint-Stock Company "Gazprom" shares classified as federal property by the Russian President's edict No. 1333 of 5 November 1992 on the terms previously agreed by the Russian Federation Government and the Russian Joint-Stock Company "Gazprom."

5. The present edict goes into force from the moment of its publication.

[Signed] B. Yeltsin, president of the Russian Federation.
The Kremlin, Moscow.
17 September 1994.
Edict no. 1931

Ministers Clash on Idea of National Oil Company

MK2109102094 Moscow SEGODNYA in Russian 21 Sep 94 p 1

[Report by Petr Zhuravlev in the "Concept" column: "The Government Decides To Regulate the Oil Complex. The Fuel and Energy Ministry Is Content With Stabilization in the Rate of Oil Production Decline"]

[Text] The Russian Government's commission on operative matters yesterday approved in principle the concept for managing the country's oil complex prepared by an interagency working group under the supervision of Fuel Minister Yuriy Shafranik. Oleg Soskovets, who presided over the session, tasked Anatoliy Chubays with personally leading the process of finalizing the document, which should be completed within seven to 10 days. Next a presidential oil edict should apparently be expected.

The main issue of the concept which aroused the most controversy, however, was not resolved yesterday. It is

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still unclear whether a government National Oil Company will be created, designed to "represent the interests of the Russian Federation and coordinate the activity of the industry's enterprises." Minister Shafranik himself is inclined to "expunge" the mention of it from the concept, motivating this by a large number of objections on the part of oil companies and "some ministries and departments." This view is also shared by Deputy Economy Minister Yakov Urinson. Foreign Economic Relations Minister Oleg Davydov, on the contrary, does not agree with this approach and accuses the author of the concept of "hastily rejecting" a sound idea.

Yuriy Shafranik is confident that "large vertically integrated oil companies" as the basis for fuel and oil complex organization in the Russian Federation will ensure the security of the domestic market and take part in dividing the spheres of influence on the world market. So far the minister is content that "the rate of oil production decline has been stabilized" just as was the growth of oil prices, and also that prerequisites were created for galvanizing the investment process. True, he admitted that the financial situation of the sector's enterprises continues to be extremely difficult: The oil men are owed 12 trillion rubles. In this context Shafranik spoke in favor of "shifting the tax burden from the producer to the consumer."

Proposed 'Stabilization Funds' Will Aid Liquidity

MM2209083094 Moscow IZVESTIYA in Russian 20 Sep 94 p 4

[Article by Rustan Arifdzhanov: "Governors Propose Own Solution to Defaulting Crisis"]

[Text] The Russian stalemate, whereby everyone owes money to everyone else but nobody can pay, has been discussed at the most varied levels. Tomorrow, 21 September, will see the latest session of the government's Commission for Current Issues chaired by First Vice Premier Oleg Soskovets. The first point to be discussed will be the continuing and tortuous process of finding a way out of the deadlock.

Sessions of representatives of the regions have been held in September to discuss this urgent issue. The "Governors of Russia" Association met in Yaroslavl and a conference of representatives of central Russian oblasts was held in Moscow. The regions have been proposing their own mechanism to the government.

As is well known, all the plans for the mutual offsetting of enterprises' debts that had been proposed prior to this were based on a sectoral rather than a regional principle.

But local budgets have not only gained nothing from this method of solving the problem, they have actually lost out. After all, the government is more a reflection of the feelings of sectors than it is of territories. That is how we have arrived in a situation of domestic collapse—with total mutual debts of 112 trillion rubles [R]. The ratio between enterprises' circulating capital and their output volume is 45 percent for Russia as a whole and 40 percent for Central Russia—as opposed to a norm of 65 percent.

Enterprises are catastrophically short of money. But all the plans currently being proposed are exceptionally limited—either to a single sector (the fuel and energy complex, for instance) or by their size (the Finance Ministry's treasury bills cover just 1-2 percent of the total amount of unpaid debt). And the direct and large-scale use of budgetary funds to eradicate defaulting has been virtually ruled out, since the amount of budgetary commitments is already greater than the budget deficit. We are already dipping into the expenditure side of the budget. We thus have nowhere left to go.

This is true if we look at the problem solely at the macrolevel. But it is precisely because the leaders of Russian krays and oblasts have had to face up to the need to independently negotiate a solution to the deadlock that they have indeed, in our view, found a way out of the situation.

As an example, the aggregate total of unpaid bills in Moscow Oblast is R800 billion. But, at the same time, the aggregate total of industrial enterprises' available funds at commercial banks here is R1.2 trillion. That would seem to be the solution. But the commercial banks cannot and will not be able to release funds to producers without state guarantees. Their proportion of nonperforming loans to industrial enterprises has already passed the 25-percent mark. And that is a national disaster.

In order to nonetheless "sort out" the defaulting problem, we need at the very least to get four parties interested simultaneously—the enterprises themselves, the commercial banks, the regions, and the federal authorities. Just what are the governors proposing?

An interim structure is set up in a region (kray, oblast). Let us call it a stabilization fund. This fund receives monies from the budget which are not simply spread around the enterprises, but serve as a guarantee that the loan will be repaid by the industrialists. In order to make these guarantees a reality, the fund formalizes them for the banks in the shape of its own commercial paper. The fund's paper, which is accepted by the commercial banks, is more reliable than the numerous bills issued by enterprises, whose backing is not always clear. And the commercial banks are already lending to production themselves. In the event that a plant is unable to repay its loan on time or in full, the fund will do so for it.

And the fund places its own money on deposit with the same commercial bank. The dividends earned go to repay the enterprises' loan interest. This is an undoubted winner as far as the industrialists are concerned. After all, their loan becomes virtually interest-free. Moreover, they obtain circulating capital. The banks get an incentive to lend to industry. The state has the confidence that

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budget funds are being spent sensibly and very cautiously. The oblast administration wins too—after all, it is the administration that selects the investment priorities.

The governors claim that their scheme is quite universal and logical and requires minimal initial investment. There are no requests for concessions on the taxes paid to the federal budget, nor any reduction in standard reserve deduction rates, nor is there any special "Nizhniy Novgorod" model that presumes some kind of exclusive or experimental nature.

Joint Ventures Boost Imports, Exports 10-Fold

MK2109101094 Moscow NEZAVISIMAYA GAZETA in Russian 21 Sep 94 p 2

[S.R. report in the "Statistics" column: "Enterprises With a Foreign Share Have Stepped Up Their Activity. Their Import Is Growing Faster Than Export"]

[Text] The activity of joint ventures and foreign enterprises in Russia has been growing at a fast pace. According to the Russian State Statistics Committee, in the first six months of this year the volume of export transactions grew 12 times compared to the same time last year, and imports increased 10.5 times. During the first six months enterprises with foreign capital have exported $1.596 billion worth of goods. Joint ventures and foreign enterprises account for 7.4 percent of the overall Russian exports.

In all there are 7,758 joint ventures and foreign enterprises operating in Russia. The number of their personnel is 290,000. The greater part of enterprises with a share of foreign capital operate in the sphere of trade and public catering. Their number is 2,792. Their share of imports is the most substantial. During the first six months of this year they have brought in $663 million worth of goods. The value of export is $409 million. Industrial enterprises are the most active in marketing Russian-made goods. They have exported 846 million and imported 327 million [currency unspecified] worth of goods. Enterprises in this sphere rank second in the number of foreign firms. As of the beginning of September their number was 2,354.

Enterprises with a share of foreign capital receive a large part of hard currency revenues from sales of oil. In the first six months of this year joint ventures and foreign enterprises have earned more than $795 million from such sales. The most important goods in the export structure of Russian-based joint ventures and foreign companies were frozen fish and raw hides. They have marketed $399 million and $192 million worth of these goods respectively.

Inflation Down, Industrial Decline Continues

MK2109122094 Moscow SEGODNYA in Russian 21 Sep 94 p 2

[Report by Mikhail Lantsman in the "Forecast" column: "Inflation Is Feared in Russia but Nonetheless Money Continues To Be Hoarded. British and Russian Experts Hope That This Will Not Bring 'Economic Agents' to Catastrophe"]

[Text] A joint press conference by Richard Layard, chief of the Center of Economic Studies at the London School of Economics; and Andrey Illarionov, director of the Russian Economic Analysis Institute, was devoted to analyzing inflation and the decline in production.

In August, inflation in Russia fell to 4 percent, a record low in the three years of active economic transformations. When in spring 1994 a steady trend emerged for a fall in inflation rates, official statistics attributed this to a slow growth in the money supply. Meanwhile in summer, the situation changed substantially. The money supply grew at 14 percent, mainly through credit emissions by the Russian Central Bank designed to cover the budget deficit. According to the Economic Analysis Institute, in July the budget deficit grew from 10 percent of GDP to 15-17 percent. Monthly budget crediting increased to 7 trillion from 3 trillion rubles [R]. The aggregate volume of credit emission by the Central Bank directed to servicing the budget deficit exceeded R25 trillion while the aggregate credit ceiling planned for 1994, according to government plans, was R36 trillion.

Another source of money supply pressure on the domestic economy was the Central Bank's active ruble interventions at the interbank currency exchange. In the past eight months the Central Bank replenished its currency reserves from $4.5 million to $7 million. Approximately R8 trillion was spent for that purpose.

In spite of the strong money supply pressure, the rate of inflation is not increasing. Even if inflation rises in September, Illarionov believes, it will not exceed 6 to 8 percent. Both economists see the reason for the apparent paradox in a slower velocity of monetary circulation on the domestic market. The annualized velocity is now nine times, compared to 12 in January. Usually in the context of high inflationary expectations the velocity of circulation grows because economic agents seek to offload money as soon as possible. In Russia, quite the contrary, there is a growing demand for rubles and a trend to hoard them. With a positive interest rate money is still profitable to keep on deposit accounts with commercial banks. This unstable equilibrium on the financial market will continue until, Illarionov believes, the next inflationary explosion becomes obvious to the overwhelming number of economic agents. At any rate, the government still has elbow room. Even so, experts Estimate that inflation growth before the end of the year is inevitable. The main thing is that it not be catastrophic.

The analysis conducted by Andrey Illarionov's experts shows that in the three summer months the rate of industrial production decline, relative to the spring period, was 6.3 percent, and 12.5 percent since the beginning of the year. That is to say, the rate of decline, contrary to official statistics, has not reduced. Unlike

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Sergey Glazyev, Duma Economic Reform Committee chairman, however, Illarionov is not inclined to dramatize the situation. In the context of high inflation, in his opinion, production growth can be initiated exclusively through an artificial bloating of money demand, which is fraught with unpredictable consequences. For a stable production growth a number of economic factors are required, which are lacking in Russia: financial stabilization (inflation below 40 percent a year), growing investment activity, and institutional changes (private land ownership and guarantees to private property owners). And the most important thing is transparency of the government's economic policy.

Military, Nuclear & Space Issues

Security At Risk After Command Center Cut Off

LD2109150694 Moscow ITAR-TASS World Service in Russian 1434 GMT 21 Sep 94

[By ITAR-TASS correspondent Anatoliy Yurkin]

[Text] Moscow, 21 Sep—The command center of the strategic missile troops was cut off today from the state power grid. This created a threat to Russia's national security.

As reported to the ITAR-TASS by the press center of the strategic missile troops, power was cut off at the order of the head of the Moscow directorate for power engineering, Pavel Sinyuk, who has thereby grossly violated the 1994 decision N307 by the Russian Federation government which forbids such actions.

Only thanks to urgent actions of the shift on duty, who managed to switch the system back to its own power source, did it become possible to avoid "considerable complications in the management of the nuclear weapons of the strategic missile troops." As stressed in the press center's report, "the combat readiness of the strategic missile troops has not been affected and remains as before at the expected level."

Power Cut Due to 'Intentional Nonpayment'

LD2109221694 Moscow Ostankino Television First Channel Network in Russian 1700 GMT 21 Sep 94

[From the "Novosti" newscast]

[Excerpt] [passage omitted] Now everything is all right but the event is a truly extraordinary one. We succeeded in finding out from Mosenergo [Moscow power company) President Nestor Serebryanikov that the electricity was cut off because of deliberate nonpayment. The Moscow Military District owes 50 billion rubles and has not been not paying because it is has not been receiving funds itself.

This is how nonpayments are affecting the country's security.

Officials Responsible To Be Punished

LD2209084794 Moscow ITAR-TASS World Service in Russian 0752 GMT 22 Sep 94

[By ITAR-TASS correspondent Lyudmila Yermakova]

[Text] Moscow, 22 Sep—Russia's Premier Viktor Chernomyrdin has promised strict punishment of those officials who are to blame for the disconnection of the Strategic Rocket Troops (RVSN) Central Command Post from the power grid on Wednesday 21 September.

Replying to correspondents' questions this morning, before meeting with the Russian president, Viktor Chernomyrdin spoke sharply about "petty clerks" who cut the Central Command Post off "for nonpayment for electricity."

The Central Command Post was cut off on Wednesday at 1430 [1230 GMT]. It was only thanks to the efficient actions of the shift on duty, which was able to switch the systems over to the autonomous electricity supply promptly, that it was possible to avoid significant complications in the control of strategic nuclear weapons.

Further Crises Possible

LD2209124094 Moscow ITAR-TASS World Service in Russian 1053 GMT 22 Sep 94

[By ITAR-TASS correspondent Anatoliy Yurkin]

[Text] Moscow, 22 Sep (ITAR-TASS)—The strategic rocket troops might find themselves in a crisis situation again, said Colonel-General Vasiliy Vorobyev, head of the chief directorate for military budget and funding of the Russian Defense Ministry. He said the military defense department has no means with which to pay the power suppliers. It borrows money from all over the country, including for the needs of the strategic rocket troops. He confirmed that the military's debt to the Moscow power supply committee is indeed 50 billion rubles. This is precisely the reason why on 21 September, acting against the law, the Moscow power engineering workers cut off the strategic rocket troops' Command Center from the national power grid. For four hours the missile troops were forced to be on combat duty using their own source of power.

A chronic shortage of means, the general believes, is due to the fact that the military budget is too small. Budget provisions are responsible for the fact that the Defense Ministry is not able to pay for the purchase of arms, transportation, water, heat, and power consumption. "Unfortunately, extra-budgetary means which were supposed to replenish the military budget are insubstantial. If the problem of the Army's and Fleet's inability to repay their debts is not resolved on a state scale, crises may occur at other sites too—not only at the center of the strategic missile troops."

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Space Agencies Express Concern

LD220914089 Moscow ITAR-TASS in English 1352 GMT 22 Sep 94

[By ITAR-TASS correspondent Veronika Romanenkova]

[Text] Moscow September 22 TASS—A spokesman for the Mission Control Centre expressed serious concern today in an ITAR-TASS interview over the disconnecting of the Central Command Post of the Russian strategic missile troops from the power supply network, which took place on Wednesday.

He stressed that the facilities similar to the Central Command Post and the Mission Control Centre should never be cut off from electricity supply, and the government adopted a special resolution about it. Moreover, electricity tariffs were reduced by half for the Mission Control Centre by the decision of the country's leadership. This permitted the centre, which is facing serious financial problems, to pay for electricity for the whole of 1994.

All especially important facilities have stand-by electricity supply systems, which are turned on, if the facilities are cut off from the main power supply network. However, those stand-by systems are not intended for functioning permanently and replacing the main system, a spokesman for the military-space forces told ITAR-TASS. The disconnecting of the Mission Control Centre and the military-space forces from the power supply network will mean that they will not be able to maintain communication with cosmonauts and to control space satellites, which are now in orbit.

Cosmos-2291 Satellite Launched From Baykonur

LD2109184494 Moscow ITAR-TASS in English 1835 GMT 21 Sep 94

[By ITAR-TASS correspondent Viktor Gritsenko]

[Text] Moscow 21 Sep (TASS)—Of the two launches scheduled for today, one, from Russia's northern space centre of Plesetsk, had to be put off until Thursday because of unfavourable weather conditions, but the other, starting from Baykonur on Kazakhstan's territory, went ahead strictly on plan.

Russia's heavy booster proton reinforced with the acceleration DM-2 unit took the military communication satellite Kosmos-2291 off the launching pad to space where it will be later deployed in a geostationary orbit.

The military launch at 21:53 Moscow time [1753 GMT] on Wednesday was commanded by the Russian military space force in the interests of the Russian Defence Ministry.

More Details on 'Cosmos-2291'

LD2209112394 Moscow ITAR-TASS in English 1117 GMT 22 Sep 94

[Text] Moscow September 22 ITAR-TASS—"Cosmos-2291" satellite was launched into orbit from the Baykonur Cosmodrome with the help of the "Proton" satellite carrier on September 21, the Space Mission Control Centre reported today.

The satellite is equipped with devices intended for retransmission of telegraph and telephone messages in the centimeter wavelength.

According to the Space Mission Control Centre, the satellite was put into a nearly stationary orbit.

The on-board equipment works normally.

The launch was earlier put off because of poor weather conditions.

Primakov on Possibility of Nuclear Leaks

LD2109164194 Moscow INTERFAX in English 1508 GMT 21 Sep 94

[From the "Diplomatic Panorama" feature by diplomatic correspondents Alexander Korzun, Igor Porshnev, Yevgeni Terekhov and others]

[Text] Russian Federal Counterintelligence [FCS] Service Director Yevgeniy Primakov has assumed a theoretical possibility of leakages of nuclear materials from Russia. "But I would like to draw everyone's attention to the fact that the leakages most spoken about are those of materials capable of serving as raw materials for the nuclear industry and sold at a higher price than the world one for some unknown reason. This simply cannot be," he stressed.

"As for plutonium or materials used for nuclear arms, no one has ever presented us evidence that their leakage has taken place," Primakov said.

"We regard this issue very seriously, we are ready to exchange information with our Western partners and even undertake combined actions to prevent possible leakages. At the same time, we cannot but see that the large-scale campaign on this issue unbacked with specific facts is evidence of someone's interest in showing chaos in Russia and establishing control over it in this respect," he added.

Primakov said he was satisfied with exchange of information with German special services over such issues as international terrorism, organized crime, narcotrafficking and hotbeds where the developments may endanger peace and democracy. He added that representatives of the two countries' special services were officially working in Russia and Germany.

Primakov dismissed the reports on the Russian intelligence's ties with international terrorist Ramirez Ilyich Sanchez published by the Western mass media. "The Russian intelligence has never acquired him as its source. In addition, it was out of fashion in those times to enlist Ilyich," he added.

First Deputy FCS Director Colonel General Vyacheslav Trubnikov told the news conference that the FCS

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exchanged information with a number of CIS special services. "We cooperate with various states in varied volumes. If the FCS pays more attention to the security of our southern borders, on this stage the exchange of information with our colleagues in Kazakhstan and Uzbekistan may be intensified," he explained.

Defense Committee Head Urges WGF Corruption Probe

MK2109110094 Moscow MOSKOVSKIYE NOVOSTI in Russian No. 40, 18-25 Sep 94 (Signed to press 20 Sep) p 1

[Interview with Sergey Yushenkov, chairman of the State Duma Defense Committee, by Aleksandr Zhilin, MOSKOVSKIYE NOVOSTI military correspondent: "Generals' Business. A Story To Be Continued"—place, date not given]

[Text] Sergey Yushenkov, chairman of the State Duma Defense Committee, has said that it is necessary to hold hearings on incidents of corruption in the Western Group of Forces. Your MOSKOVSKIYE NOVOSTI military observer contacted him on the phone.

[Zhilin] How do you assess the appointment of Colonel General Matvey Burlakov, former commander of the Western Group of Forces [WGF], as Russian deputy defense minister?

[Yushenkov] Sharply negatively. The WGF's bad repute throws a shadow on the commander. The issue is not even whether Burlakov is personally involved with irregularities in the Western Group of Forces. As a matter of fact, the Defense Ministry has not denied a single report on the WGF, including those that have been published in MOSKOVSKIYE NOVOSTI. Nonetheless, Burlakov's appointment did take place even before the investigation into corruption in the WGF was complete. To do so means completely to ignore public opinion and recommendations by the presidential council on personnel policy. Not only do such decisions discredit authority, but they also heighten tensions in the Armed Forces and in society.

[Zhilin] Are you aware of the troops' reaction to the appointment?

[Yushenkov] I happen to be a frequent guest in staffs and regular military units. Although I have never directly asked servicemen as to what they think about Burlakov's appointment, they raised the subject themselves. Commanders at various levels have been astonished, not to say dumbfounded, by the appointment. What is frightening is that the military is losing faith in the rule of law. And this is very dangerous not only for the Armed Forces.

[Zhilin] What is your view on publications about corruption in the WGF?

[Yushenkov] I will tell you frankly. When we visit military units, we regularly encounter indirect evidence of "generals' business." Let me cite just one example. Echelons with military property that are arriving in Russia from Germany can just as well be dumped: The railway cars contain old scrap. Where is all the property that has until recently been sent to the WGF and purchased for the troops directly in Germany? It is an open secret that groups of forces deployed abroad grabbed all the best. Where is it now? The Defense Ministry has not answered this question.

[Zhilin] What is the parliamentary defense committee going to do?

[Yushenkov] I instructed my staff to collect all publications about the WGF, documents and materials of investigations. This coming October, we will hold hearings at the committee. If need be, we will submit the matter to a plenary meeting. In that regard I would like to say that we will be grateful to journalists, servicemen, and officers of investigating agencies who would think it possible to pass additional information and documents to us.

Plant Chief Hits Defense Industry Policy

MM2109145594 Moscow KRASNAYA ZVEZDA in Russian 17 Sep 94 p 3

[Article by Grigoriy Vasyuk, general director of the Ufa Aggregate Production Association: "While the Top Echelons Are Waiting for Something, Aviation Enterprises Are Getting Closer and Closer to Total Ruin"]

[Text] I attentively studied A. Gerashchenko's article entitled "Government's Inconsistent Policy Sends It Out of a Dive Into a Spin" ("RUSSKOYE ORUZHIYE" [supplement] 30 July 1994). I would like to air my views on the matter in question.

In Russia aircraft construction has indeed become an unprestigious, low-paid, and even no-hope sector instead of being the stimulus for technical progress. That state of affairs should have not only put aircraft builders on their guard but also the top echelons of power, the Russian Federation Government. But while the top echelons are waiting for something and keeping quiet, enterprises are heading for total ruin.

As leader of an aviation association under Russian jurisdiction on the stability of whose work Russia's defense capability and the entire future of aviation depend, I was forced to appeal to Comrades V. Glukhikh, O. Soskovets, V. Chernomyrdin, B. Yeltsin, P. Grachev, and his deputy for armaments A. Sitnov.... But alas!

The point is that, owing to the current system of managing the national economy and the defense industry in the country as a whole our association ended up having the monopoly on a number of products necessary for many kinds of defense technology and civil aviation.

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The production volumes required by the state order naturally compelled us to develop special plant capacities. There are over 10,000 people working at the association. At the same time consumer goods comprised 24 percent of total commodity output. This year that rose to 90 percent.

In my view the wholesale conversion that is being implemented fails to take into consideration one very important factor which, if the appropriate measures are not taken, will subsequently mean tremendous outlay for Russia. The thing is that the association has been put in a very grave financial and economic position by conversion, unregulated and, effectively, uncontrolled as it is.

I must say that during the first quarter of 1993 we manufactured output that was fully in line with the contracts that had been concluded. Despite the in-depth (wholesale) conversion and the dramatic decline in orders, and notwithstanding the fact that we preserved the whole range of products and failed to receive in 1992 and 1993 the loans to swell our working capital for which Russian laws made provision. And what was the result? This output ended up unclaimed because the customer in turn had no funds.

As a result we lost all our working capital, which resulted in a total stoppage of defense production as of August 1993 and a decline in consumer goods production. This brought a dramatic exodus of highly qualified cadres (the average wage in the association stood at 37,000 rubles [R]; for comparison's sake, the figure in Bashkiria, for instance, was R99,000). Thus we were on the verge of bankruptcy. Our attempt to temporarily avail ourselves of credit in the hope of selling output brought even greater financial difficulties.

None of this was due to sluggishness or incompetence on our part. But instead it is due to the nonfulfillment of edicts and decrees both at local level and by the Russian Finance Ministry and Ministry of the Economy, which have for two years now failed to fund a single conversion program which is protected in accordance with prescribed procedure. And they are only doing so because our association is in Bashkiria [Bashkortostan].

The lack of contracts and clarity on the need for defense products is still preventing us from adopting a decision to reduce the special capacities to the reasonable levels that would ensure the fulfillment of orders strengthening Russia's defense capability. After all, we are forced to sustain the considerable costs involved in the upkeep of these facilities. What is more, we cannot apply for raw materials, semimanufactures, and spare parts developed and manufactured by associated plants for our products alone. The results being that these products (dischargers, gas rectifiers, mica-paper [slyudobumazhnyy] capacitors, and semiconductor instruments) have been taken out of production today. And without them we cannot manufacture our products. Ultimately all this has an immediate impact on the Russian engine and aircraft industries. A situation has arisen where whole areas of production have become lifeless. I am talking about the aviation industry.

I appeal to the top echelons of economic management in the country. I insistently ask all of you to finally come to the oak table and place a document thereon regulating the product list, volumes, and sources of funding, the coordinating body, and financial accountability for the orders produced.

New Model Airship Tested Near Moscow

LD2109213494 Moscow Mayak Radio Network in Russian 1830 GMT 21 Sep 94

[From the "Radio Slavyanka" program of the Russian Defense Ministry]

[Text] Tests on a new model of airship have taken place at a military base near Moscow. The military are thinking of using it to track ships and submarines at sea and in the ocean, the police are sizing up the possibilities for using the airship to search for stolen motor vehicles, and the firemen are hoping to use it to extinguish fires in high-rise buildings.

Regional Affairs

Chechen Council Chairman Reportedly Visits Moscow

LD2109231594 Moscow INTERFAX in English 1932 GMT 21 Sep 94

[Text] Interfax has learned from well-informed sources that chairman of the Chechen opposition Interim Council Umar Avturkhanov has unexpectedly visited Moscow. He arrived in Moscow on Tuesday and on Wednesday he returned to the Nadterechnyy Region of Chechnya where the opposition headquarters are. There has as yet been no information on who he met.

Earlier, another Chechen opposition leader, ex-speaker of the Russian parliament Ruslan Khasbulatov, came to Moscow. He said he intended to convince Russia's leaders and the public of the need to provide significant financial and military assistance to the Interim Council fighting against the regime of Dzhokhar Dudayev.

Opposition Counting on Khasbulatov Moscow Mission

LD2109173194 Moscow Ostankino Television First Channel Network in Russian 1400 GMT 21 Sep 94

[From the "Novosti" newscast]

[Text] The opposition Chechnya Interim Council counts on Ruslan Khasbulatov's mission in Moscow. Khasbulatov himself said that he intends to convince the public, and, most importantly, the Russian leadership that it is necessary to render real financial and military assistance to the anti-Dudayev opposition in Chechnya.

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According to other reports the situation in Chechnya remains outwardly calm. However, in the opposition's view, it is a state of unstable equilibrium. Both sides prefer wait-and-see tactics hoping that the enemy will make a blunder.

Chechen Opposition Downs Government Aircraft 21 Sep

LD2209093194 Moscow Radio Rossii Network in Russian 0900 GMT 22 Sep 94

[Text] Armed opposition supporters have downed an An-2 aircraft belonging to Chechnya's government troops. Zaindi Choltayev, head of the administration of the Chechen Opposition Council, told Interfax that, on 21 September the aircraft carried out a reconnaissance flight over opposition-controlled territory. According to Choltayev, the aircraft was hit and was forced to land. It was towed to the opposition quarters. Both pilots managed to escape.

Moscow Seen Reversing Chechnya Policy

MK2109100094 Moscow NEZAVISIMAYA GAZETA in Russian 21 Sep 94 p 1

[Report by Igor Rotar in the "Version" column: "Khasbulatov's Abortive Revanche Attempt. The Russian Federation's New Policy in Chechnya"]

[Text] Ruslan Khasbulatov is leaving Chechnya. As NEZAVISIMAYA GAZETA wrote earlier, amid the low ratings both of the Chechen president and of all opposition leaders, Ruslan Khasbulatov enjoyed real authority among the republic's population, and as a charismatic leader of "anti-Dudayev" forces posed the most serious threat to the ruling regime. Today Dzhokhar Dudayev can certainly celebrate a victory: His only real rival has quit the game.

One can hardly doubt the sobriety of the calculation made by the former Russian parliament speaker: Betting on the Chechen card, he undoubtedly hoped for success. Now Khasbulatov, who only a few days ago called Dudayev doomed, is leaving the restive republic. What prompted the sophisticated politician to abandon his plans?

The latest military successes scored by government forces, and Ruslan Khasbulatov's flight, which coincided with the arrival in Moscow of Dudayev's emissaries (reported by Russian TV), point to some strange circumstances preceding Groznyy's first victory: the routing of the Labazanov grouping in the town of Argun. Prior to that the Chechen Security Service arrested a Russian Federal Counterintelligence Service officer on charges of spying. In exchange for the Russian officer Groznyy demanded Umar Avturkhanov, leader of the Provisional Council. The intelligence man was released, and shortly after that Chechen troops stormed and seized Argun.

The new victories by the Chechen army were preceded by Khasbulatov's statement about the end of his peacemaking mission and the need for Dudayev to be forcibly removed from power, which followed the former Russian speaker's rapprochement with other opposition leaders. In this situation all doubts disappeared: Khasbulatov is confidently moving to power in the republic. His enormous popularity rating in Chechnya, his political professionalism, which has no match in the republic, and support by anti-Dudayev detachments armed with Russian weapons made Khasbulatov's success almost a foregone conclusion. Suddenly Moscow found itself is a very silly situation: Having supported the sole manageable opposition leader—Avturkhanov—the Kremlin, unexpectedly for itself, cleared the way for its bitterest enemy.

To start with, Moscow tried to isolate Khasbulatov from other Chechen opposition leaders. Thus, in a conversation with NEZAVISIMAYA GAZETA's correspondent (1 September) Khasbulatov asserted that Provisional Council Chairman Avturkhanov was not cooperating with him, following Moscow's orders. After that, however, the situation changed sharply. The union between Khasbulatov and Avturkhanov came off. An alliance of opposition forces emerged, whose incontestable leader became the ex-speaker of the Russian parliament.

The situation was becoming a menace to Moscow: Mutinous, but limited in his capabilities, Dudayev is undoubtedly a lesser evil compared to the leader of a far from Chechen scale, Khasbulatov.

To avert a catastrophe, Moscow had to reverse its policy in Chechnya. An instant change of course is leading to large losses: the money already spent, and the depreciation of colossal preparatory work. But when a fire breaks out in a house, one does not feel sorry about the things used to put it out.

Financing of Chechnya Adversaries Viewed

MM2109164994 Moscow IZVESTIYA in Russian 21 Sep 94 p 5

[Report by Nikolay Gritchin: "What Money Is At War in Chechnya"]

[Text] Stavropol—As we know, war is a very costly measure. Recently the heightened attention toward the military equipping of Dudayev's army and the Chechen opposition and talk of the well paid mercenaries in the republic's warring groupings make it possible to conclude that Chechnya is no exception.

Personal Savings

Weapons in the home of a Chechen have in the past three years become as commonplace as television sets.

The time is long past when the presence of a single pistol or assault rifle was regarded as a measure of reasonable sufficiency in a family here. A Groznyy inhabitants who

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is opposed to the ruling regime and asked me not to mention his name in the newspaper listed the content of his home arsenal: three Kalashnikov assault rifles, one for each man in the family, a pistol, 10 grenades, and ammunition. In the opinion of my interlocutor he could need the guns in a decisive battle for power in the republic or to repel Russian aggression.

Weapons have become a kind of national currency in the republic. A dealer in this lethal commodity called Yunadi tells me:

"In Groznyy you cannot buy prestige items, an automobile for instance, for rubles, but people will provide such an item in exchange for assault rifles any time. Weapons are steadily increasing in price. It is advantageous to buy them."

It is true that prices on the Groznyy weapons market have been fluctuating recently, sometimes refuting Yunadi. A month ago a Kalashnikov rifle was sold here for 1 million rubles [R] (cheaper than the previous month) while Makarov and T.T. pistols were on sale for R1.2 million (also cheaper on average) and a grenade launcher costs R1.3 million. The price for a device for launching thermal [teplovyye] rockets was given in dollars—$5,000. According to the traders the influx of cheap goods into Nadterechnyy Rayon—where, they claim, firearms can be bought at half the price—has influenced the stabilization of prices and even a certain reduction.

The escalation of the internal Chechen conflict has not caused any other surprises on the arms market.

Russian Rubles

Talk is mostly about Russian financial support for the Chechen opposition. As a rule people cite three figures: R10 billion received from Moscow by the opposition's provisional council, R150 million earmarked by the Russian Government for the opposition, while President D. Dudayev cites a total sum of slightly over R1 trillion spent by Russia recently on subversive work in Chechnya.

Although the provisional council claims that the money it has received goes primarily to pay pensions in regions controlled by the opposition, official Groznyy is convinced that the lion's share of these funds is spent on weapons and on paying mercenaries.

The opposition's degree of technical equipment, if we are to judge by the ruling regime's assessments, has trebled in the past month. D. Dudayev, speaking on national television recently, announced that he has reports that the opposition has 150 armored vehicles and also anti-aircraft guns, howitzers, helicopters, and aircraft. It is true that military officials in Groznyy believe that Russia is supplying Umar Avturkhanov with what is far from modern military equipment in the fear that the opposition's volatile sympathies could turn against Russia. At the same time they note that the fighters of the provisional council are well equipped with firearms—assault rifles and grenade launchers. Representatives of the provisional council themselves are doing everything to avoid answering the question of what their arsenal contains, nonetheless persistently stressing that all the arms in their position, including aircraft, are the property of the provisional council. Here their financial sources are kept secret.

Official Groznyy's story that R. Khasbulatov drew a large sum from the Russian coffers to buy a television station now operating at his headquarters in Tolstoy-Yurt seems implausible. Avturkhanov would hardly make up his mind to such a step which could cause serious complications with Moscow. Of course, Ruslan Imranovich could not make such a purchase from his salary as a professor. But it is entirely within the means of an affluent person or wealthy businessmen in the republic. The provisional council mentions the latter source of finance.

The most fantastic rumors are also being spread about the wages of Avturkhanov's militiamen. Chechens who received an invitation to serve in the ranks of the opposition told me that they were promised a wage of R1-3 million a month. But among those who told this tale there was not one who had received this money even once. They obviously pay less. The provisional council gives a figure for a new recruit's wage—R150,000. This figure was confirmed during a talk with Chechen Republic Internal Affairs Minister A. Satuyev. The minister announced that this wage was for young men captured during a local operation by his department.

In Dudayev's entourage, citing intelligence information, they describe the "bonus system" by which Russia finances the Chechen opposition. There is payment for each bridge captured, each road closed, each village taken under control. This procedure, creating a semblance of material interest, allegedly enables the Russian military and the opposition leaders to grow fantastically rich by exaggerating the figures. Actually, this story is also categorically denied by the opposite side.

Chechen Petrodollars

No less curious is the question of the sources of financing of the Chechen Government army. They say it has received a rich legacy from the Russian military units which left the republic. The number of aircraft is reckoned at 200 to 300. It is true that most of them are Czechoslovak-produced sports models. Apart from them our army left on Chechen land about 100 armored vehicles, slightly less than 50,000 automatic weapons of various kinds and also pistols and ammunition. Patriotically minded arms dealers in Groznyy claim that there are nuclear warheads in Chechnya which could be put to use in a very extreme case. The Russian side denies these reports but Chechnya Military Commandant M. Merzhoyev, while not confirming them, at the same time does not deny them. A considerable proportion of the

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legacy, informed sources believe, is out of commission and is in need of repair. An indicator of up to 50 percent is cited.

Meanwhile, according to Merzhoyev again, the government army remains quite well equipped. For instance, it has modern T-86 Russian tanks which the commandant calls mobile fortresses because of their high capability in detecting and striking both air and ground targets while remaining scarcely vulnerable to the enemy. The opposition does not have such equipment, Merzhoyev says. Actually, quantitative indicators for the government army's provision are not made public by official sources in Groznyy either.

According to the opposition's figures only those taken on for military service in Dudayev's army receive R300,000 a month. The wages of professional mercenaries, and according to reports from several mass media, it is they who were in the vanguard of those attacking R. Labazanov's opposition grouping in Argun, have a daily wage which is incomparably higher. The provisional council press center assesses the monthly income of a Dudayev mercenary at R10 million and more. According to information from the same source representatives of various nationalities—Russians, Ossetians, Latvians, and Karachay—are joining the government banners for the good wages.

The Chechnya Government's recent decision to award bonuses for seizing armored vehicles from the opposition (a reward of $6,000 is offered for a captured tank and $3,000 for an armored personnel carrier) should be assessed as a stone which can kill two birds at the same time: It can demonstrate to Russia that supplying the opposition with military equipment is a risky business and at the same time supplement its own obsolete stock. It is reported from Groznyy that several armored vehicles have already been confiscated from the enemy by this ploy.

The majority of expenses behind all this are met from a single source which, the opposition claims, has been supplemented for three years from the uncontrolled sale of petroleum products processed from their own and Siberian raw material. R. Labazanov claims that his confederates have found secret documents attesting that last year alone Dudayev's ruling clique used illegal operations involving petroleum products to acquire over $20 million. According to the opposition member, half that sum is enough to pay the many months' debt to the republic's pensioners and to issue delayed wages.

Oil refineries in Chechnya are now curtailing production. The petrodollars source for swelling the coffers has been transformed from a seething river into a trickle which cannot patch up the numerous holes, including in the military field. A graphic indicator of the very hard crisis in the sector which was recently the republic's pride and glory is the Bashkir gasoline stations on the republic's roads. On 10 August the Chechen Republic Government trebled gasoline prices. Now a liter of 93-octane gasoline costs drivers R800 and a liter of 76-octane gasoline R600. The search for new sources to swell the budget a few months ago was connected with the re-export to Russia of goods supplied free of duty to the mountain republic by air from the Near East countries. But for over a month this route has been closed at the Russian side's initiative.

It is not ruled out that the situation which has taken shape will push Dudayev in the very near future to the further aggravation of relations with Russia. This scenario for the development of events augments the Chechen Republic president's chances of acquiring from the Muslim countries the promised comprehensive aid and consequently of easing the pressure of domestic problems.

Policy in Abkhazia Seen Swinging to Extremes

MK2109105094 Moscow SEGODNYA in Russian 21 Sep 94 p 2

[Report by Pavel Felgengauer in the "Geopolitics" column: "For One Day Russia and Abkhazia Were on the Brink of War. Peacekeepers Were Ordered to 'Shoot to Kill'"]

[Excerpts] Russian and Abkhaz troops confronted each other 14 September, entrenched on either side of the Galskiy canal ready to start fighting. [passage omitted]

Russian officers were bewildered. A combat helicopter pilot said: "In the past we were helping the Abkhaz in every way, and now we have been told to act against them. I do not understand such policy." The local Russian-speaking population was in panic: They are afraid that they will be deported from Abkhazia, just as Georgians were before that. [passage omitted]

After General Grachev's visit to the region the conflict has temporarily settled, but all grounds for further confrontation remain.

Vladislav Ardzinba publicly maintains that "we have never objected in principle to an organized return of refugees." But the majority of his subordinates are of a different opinion. The Abkhaz in principle refuse to put up with the return of any appreciable number of Georgians. [passage omitted]

Meanwhile, as Russian policy is Abkhazia skips from an extremely pro-Abkhaz to an extremely pro-Georgian position and back, Russian soldiers are learning to live under new conditions. Servicemen are forbidden from going to the Sukhumi city market, and they may only go to the market in Gudauta armed, and with commander's permission. "Relations with the local population are strained, and tension is growing. This is nothing like it was during the war with the Georgians," a Russian commando officer said.

Yegorov on Ossetian-Ingush Situation

LD2109200494 Moscow ITAR-TASS World Service in Russian 1406 GMT 21 Sep 94

[By ITAR-TASS correspondent Valeriy Shanayev]

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[Text] Vladikavkaz, 21 Sep—The Caucasus ought to be a region of peace and harmony instead of a zone of conflict and interethnic confrontation, Nikolay Yegorov, Russian nationalities and regional policy minister has said at Vladikavkaz airport. On the instructions of the Russian president, he has arrived in the zone of the Ossetian-Ingush conflict where emergency situation regulations are in operation until 30 September, in order to work out appropriate decisions that will help stabilize the situation and assist in implementing the decrees of the Russian president and resolutions of the Russian Government on the overall resolution of the problem of refugees. He has met North Ossetian President Akhsarbek Galazov, members of the republic's government and parliament, and Vladimir Lozovoy, head of the interim administration.

As an ITAR-TASS correspondent was informed by the press service of the president and government of North Ossetia, Yegorov also plans to meet the leadership of Ingushetia and is to visit sites where refugees are staying, as well as units of Russia's peacemaking forces deployed in the conflict zone. It is possible that he will set up a meeting between the presidents of North Ossetia and Ingushetia.

The same source confirmed that North Ossetian President Akhsarbek Galazov received a cable today from Russian Prime Minister Viktor Chernomyrdin to say that the Russian Government is extremely concerned at the presence of real preconditions for a deterioration of the situation in the state of emergency zone on part of the territory of North Ossetia and Ingushetia. The Russian prime minister called for measures to be taken to stabilize the situation in the region and for talks between the Ossetian and Ingush parties to be resumed. He expressed his certainty that the two peoples' commonsense and desire for peace would take precedence over any political aspirations.

According to data from military sources, the operational situation in the section of North Ossetian territory remains relatively stable. Nonetheless, by order of the head of the interim administration, a curfew between 2200 and 0500 is being introduced from today in the settlements of Kartsa and Chermen in Prigorodnyy Rayon. The curfew being introduced in the settlements in question prohibits citizens from using streets and other public places without special passes and identity documents and holding gatherings, rallies, marches, and demonstrations in the streets and other mass actions. A special procedure for movement in the settlements in question has been established: It provides for documents to be checked and, where information on the possession of weapons by citizens is obtained, for personal searches and searches of possessions, housing, and transport.

Ossetia Warns Against Ingush Demonstration

MK2109111094 Moscow NEZAVISIMAYA GAZETA in Russian 21 Sep 94 p 3

[Unattributed report under the "NEGA Reports" rubric: "North Ossetia"]

[Text] The North Ossetian Supreme Soviet's press center has issued the following statement. "It has transpired from reliable sources that a number of Russian mass media and public organizations have been invited to attend a news conference in Nazran 21 September. The same sources reported that the Ingush side plans to use the journalist corps in order to promote the allegedly peaceful march of citizens of Ingush origin to the villages of North Ossetia's Prigorodnyy Rayon 23 September. The mass media and public organizations were invited to join the illegal action (an edict of the Provisional Administration of July 1994 banned all meetings, rallies, street marches, and demonstrations in the state of emergency area). One is bewildered by the Provisional Administration's failure to take requisite steps upon receiving Ingushetia's official notice of the upcoming action. Against the backdrop of the drastic deterioration of the situation in the conflict area any attempt to accelerate the return of people will cause further bloodshed. This is why we call on journalists and public figures who could unwillingly become accomplices in the mass provocation and hostages to the destructive policy by the leadership of the Republic of Ingushetia to show professional conscientiousness for the sake of maintaining stability in the region."

Banking Conference Ends in St Petersburg

MM2109150594 Moscow IZVESTIYA in Russian 20 Sep 94 p 2

[Report by Sergey Krayukhin: "Gerashchenko Does Not Plan to Surrender His Positions"]

[Text] St. Petersburg—The Third International Banking Congress, involving 450 representatives of financial capital from 20 European, Asian, and American countries that has just ended on the banks of the Neva, has confirmed St. Petersburg's reputation as Russia's second financial center.

Whereas in times past a visit by Viktor Gerashchenko to the banks of the Neva would have produced a lot of slings and arrows aimed at the main Russian banker, now even one of his main opponents—Anatoliy Sobchak—did not indulge in an open attack of this sort. Perhaps it was this atmosphere that allowed Viktor Gerashchenko to be more confident in his arguments about the Central Bank's role in stabilizing Russia's monetary and credit system. In the main banker's opinion, it is the Central Bank's moderately tough policy that has promoted the fall in inflation in the country and the start of financial stabilization. According to forecasts from the Central Bank Analysis Center, monthly inflation will be 5-6 percent by the end of this year and 3-4 percent next year. Maintaining a real interest rate on loans has been a factor of considerable importance in boosting savings, V. Gerashchenko said. The relatively high interest rates in Russia will, in his opinion, prove to be an attractive magnet for Western investment in our country.

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Viktor Gerashchenko's forecasts about the Russian economy's prospects were far less optimistic. The chairman of the Central Bank of Russia predicts that only next year will a balance be struck between creative and destructive processes at the lowest level and the economy will enter a depressed phase. Despite his kindly tone and a number of nods toward the commercial banks, the main banker is undoubtedly insisting on the independence and monopoly of the Central Bank, which does not intend to surrender its positions to anyone. Switching the emphasis to self-regulation of the financial and lending system would be unjustifiable and dangerous, the Central Bank chairman stressed. Reliance on commercial banks could lead to a 16-18-percent drop in investment next year.

Defense Committee Chief on Kaliningrad Status

WS2109113694 Kaliningrad YANTARNYY KRAY in Russian 8 Sep 94 p 3

[Interview with Sergey Yushenkov, chairman of the Russian Federation Duma Defense Committee, by V. Kostomarov in Kaliningrad; date not given: "The Future of the Oblast Lies in Demilitarization"]

[Text] [Kostomarov] What is your attitude toward....

[Yushenkov] Let us first clarify one thing. Did you study at the Military-Political Academy?

[Kostomarov] I did. Moreover, Colonel Yushenkov was our lecturer in Marxist-Leninist philosophy.

[Yushenkov] Now I remember where we met.

[Kostomarov] If you do not object I will pass on to my first question. How would you assess the opinion that these days it is cheaper to keep servicemen in the Army than dismiss them, given that they are entitled to the dismissal allowance worth the equivalent of 20 salaries?

[Yushenkov] An instant reduction of the Armed Forces, a significant one, would indeed be very costly. Taking into account the 20 salaries mentioned by you, reduction seems more expensive than it really is. We are speaking about a gradual reduction to 1.5 million or even 1 million men. I am sure that first of all, we must reorganize the entire structure of the Army.

I think that Yegor Gaydar is right by speaking not about the reduction of personnel, but about the reduction of regiments and divisions. Is this normal when only one out of five regiments is combat-ready? The rest are understrength and only nominally considered full-fledged military units.

[Kostomarov] The reduction of the Armed Forces does not involve only the so-called "human factor," but other things as well, including the efficient use of conversion. In Kaliningrad Oblast, for instance, and in many other regions of Russia, the largest enterprises represent the military-industrial complex.

[Yushenkov] Conversion is not directly linked to the reduction of the Armed Forces. It is related in a way, though. For conversion to be conducted normally, the management of the enterprises should have an interest in the transition to a free-market economy, and not just in their personal profits.

There are a lot of examples when subsidies for conversion are extorted, and then spent to buy Mercedeses, yachts, and even personal aircraft, not to mention the management's high salaries. In other words, for conversion processes to continue, at least three things are necessary—investment, the readiness of the managers' and engineers' corps, and appropriate laws.

[Kostomarov] The following idea has recently been brought up: Given that the government cannot afford adequate financing of the Law "On the Status of Servicemen," the latter should be amended or suspended. What do you think about this?

[Yushenkov] When the State Duma was discussing the budget, we were told that expenditures on allowances for active servicemen, pensions for retired servicemen, as well as funds for clothing, belong to the so-called protected items of expenditure. That is to say that they do not depend on whether the state has money or not. The state should borrow or undertake something else, but those items must be adequately financed.

Yes, there have been attempts to amend the Law "On the Status of Servicemen" and remove certain benefits, including the equivalent of 20 salaries paid to servicemen transferred to the reserves. The Defense Committee did not, however, support this idea. I, for one, cannot imagine how hundreds of thousands of people can be left without hope.

[Kostomarov] During his recent visit to Kaliningrad Oblast, Defense Minister Pavel Grachev spoke about the creation of a special defensive region here, which met with a violent reaction on the part of neighboring states, particularly Poland and Lithuania. What is the standpoint of the State Duma Defense Committee?

[Yushenkov] It is very difficult to react to abstract notions. What specific things are behind this idea? One should look into the essence. It is clear that Kaliningrad Oblast, which, indeed, is a special area of Russia, may need a group of Army and Navy units, which can be referred to as a special defensive region.

I am deeply convinced, however, that the future of Kaliningrad Oblast lies in demilitarization. I may be wrong and my colleagues may have a different opinion. However, I believe that it would be more advantageous for Russia if Kaliningrad Oblast, instead of a military jumping-off point, became a sort of Hong Kong.

[Kostomarov] I know that you used to serve in Kaliningrad Oblast. Where was that?

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[Yushenkov] I served in Gvardeysk for four years and in Kaliningrad for two years.

Far East Militia Official Addresses Graduates

MM2109122794 Moscow KRASNAYA ZVEZDA in Russian 17 Sep 94 p 2

[Report by Valeriy Usoltsev: "Lieutenants and Generals Consult"]

[Text] Far East Military District—The district Officers' House was the venue of a reception organized by the Far East Military District Military Council in honor of military college graduates in 1994. Lieutenant General Yuriy Yakubov, first deputy commander of the district, addressed the audience. Generals and lieutenants held a joint discussion of ways of resolving problems of graduates' professional training. The lieutenants taking part in the meeting adopted a message to all young officers serving in the district in which they urged them to be worthy of their predecessors, uphold the honor of the Russian officer, and fully master their military profession as quickly as possible.

Regional Development Plan for Yakutia Approved

LD2109213094 Moscow INTERFAX in English 1819 GMT 21 Sep 94

[Text] Parliament in the Russian autonomy of Yakutia in Eastern Siberia has approved a social and economic development plan spreading until the year 2005. The plan was drafted in line with President Yeltsin's appropriate decree.

It provides for the implementation of a range of major projects including the construction of a hydroelectric station at Vilyuisk and fuel-powered station at Neryungri, the development of two oil fields and updating local highways.

The 15.5 trillion ruble program is pending Moscow's approval.

The cost is to be covered by the federal and republican budgets and private investment. The parliament approved a resolution to allocate $150 million worth of rough diamonds to a local investment fund to help finalize a project for building a railway line to the capital Yakutsk. These will be used as collateral and for the issue of fund shares.

Levy on Immigrants Seen Deterring Business

MM2209091694 Moscow KOMSOMOLSKAYA PRAVDA in Russian 20 Sep 94 p 2

[Report by Dmitriy Babich: "See Moscow and Die"]

[Text] People will have to pay 102.5 million rubles [R] for the right to settle in the capital.

Bad news for everyone moving to Moscow city: Every foreigner or citizen of a CIS country wishing to buy housing in the capital will now have to pay "a charge to compensate for expenditure from the city's budget to develop the city's infrastructure" at the rate of 5,000 (five thousand) times the minimum monthly wage, which totals R102.5 million or $44,500.

When purchasing housing in Moscow, Russian Federation citizens must pay the city government a charge of 50 times the minimum wage, which is R1,025,000. The only people exempted from the charge are servicemen who had housing in Moscow before they were drafted and who have now decided to return to their native city. Nor will the charge apply to those people who acquire housing in Moscow through exchanges—provided that the number of "exchangers" coming into the city does not exceed the number leaving.

The law will be signed by Moscow Mayor Yuriy Luzhkov in the next few weeks and will come into force 10 days after signing. It has already been approved by Moscow City Duma.

The consequences of this law are clear: Cheating and the purchasing of apartments through front men will begin. Experts in real estate market problems claim that the law could kill the nascent Moscow housing market and that it will ultimately deter foreigners from running businesses in Moscow. Moreover, it contradicts Russia's international commitments, according to which the same taxes must be levied on foreigners as on Russians.

Funding Ordered To Rehouse Baykonur Personnel

MM2009125794 Moscow ROSSIYSKAYA GAZETA in Russian 17 Sep 94 First Edition p 4

[Russian Federation Government Decree No. 1018, signed by Premier Chernomyrdin and dated 8 September 1994: "On the Construction of Housing in the Russian Federation for Servicemen, Workers, and Employees from the 'Baykonur' Space Center"]

[Text] The Russian Federation Government decrees that:

1. The proposal from the Russian Federation Defense Ministry, the Russian Federation Ministry of Construction, and the Russian Space Agency to build in Russian Federation cities in 1994-1997 12,000 apartments providing total accommodation of 720,000 square meters for servicemen discharged to the reserve or retired from the Russian Federation Armed Forces, for workers and employees who are Russian Federation citizens on their retirement, and for their family members resettled from the "Baykonur" Space Center is hereby adopted.

2. The Russian Federation Defense Ministry and the Russian Space Agency with the participation of the Leninsk City Administration shall elaborate and, by agreement with the Russian Federation Ministry of Construction, the Russian Federation Ministry of Finance, Russian Federation component executive organs, and organs of local self-government, ratify within

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three months a targeted program for the construction of housing in the Russian Federation in 1994-1997 for the purposes listed in Paragraph 1 of this decree, envisaging the construction of 1,500 apartments (with a total area of 90,000 square meters) in 1994 and 3,500 apartments (with a total area of 210,000 square meters) in each of the years 1995-1997.

3. The Russian Federation Ministry of Finance shall, through a separate budget item, annually provide the Leninsk City Administration in 1995-1997 with funds to build the aforesaid housing and to develop municipal services and the social and consumer sphere in the light of the requirements of Russian Federation Government-Council of Ministers Decree No. 1158 of 15 November 1993 "On Measures to Provide Social Protection for Populations Living and Working in Closed Administrative-Territorial Formations."

Housing construction in 1994 shall be funded within the limits of the capital investment laid down for housing construction for servicemen discharged to the reserve or retired servicemen—namely 15 billion rubles [R] for the Russian Federation Defense Ministry and R5 billion for the Russian Space Agency.

[Signed] V. Chernomyrdin, chairman of the Russian Federation Government
[Dated] Moscow, 8 September 1994
No. 1018

Government Gives R1.3 Billion in Flood Aid

LD2109212794 Moscow INTERFAX in English 1819 GMT 21 Sep 94

[Text] The Russian government has set aside 1.3 billion rubles to eliminate the consequences of a flood in the Primorye region and the island of Sakhalin, the Ministry for Emergencies told Interfax Wednesday.

A working group of the ministry's Far Eastern regional center is working in the disaster area. Civil defense bodies have been brought on-line and started working.

Three helicopters and a number of search units are taking part in the rescue operation.

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International Affairs

Treaty Accession Possible 'This Year'

LD2109183394 Kiev Radio Ukraine World Service in Ukrainian 1615 GMT 21 Sep 94

[Text] There is the hope that Ukraine will resolve the issue on its accession to the nuclear weapons nonproliferation treaty [NPT] this year. Leonid Kuchma would like to do this before his visit to the United States of America, Mykhaylo Doroshenko, the leader of the president's press service reported at a briefing held at the president's administration on Wednesday.

He said that Kuchma had an intention to submit a proposal to the Supreme Council soon to consider this issue.

Doroshenko said that the stands of the president and the Supreme Council chairman on Ukraine's accession to the Nuclear Nonproliferation Treaty coincide. The opinion, earlier expressed by Oleksandr Moroz, that the issue on nuclear nonproliferation should be considered on a worldwide scale should be assessed as a wish, not a condition. He reaffirmed this during his conversation with Kuchma.

The leader of the press service emphasized in this connection: At present one should proceed from the fact that after the signing of the trilateral statement failure to join the Nuclear Nonproliferation Treaty is of no fundamental significance for Ukraine, as it removes all the principal issues. However, the president of Ukraine has an intention to convince Ukraine's parliament of the necessity to resolve this issue in the very near future, Doroshenko emphasized.

'Permanent Representation' in Council of Europe Envisaged

LD2109140394 Moscow INTERFAX in English 1257 GMT 21 Sep 94

[Text] Ukraine intends to open a permanent representation at the Council of Europe before it joins the organization, Ukrainian Deputy Prime Minister Ivan Kuras said on Tuesday when he met a delegation of the Council of Europe [CE].

The CE Secretary General backed the initiative. He believes that "regular contacts should develop at the preparatory stage."

An Interfax-Ukraine correspondent reports that during the meeting Kuras informed members of the CE delegation that Ukraine, "without waiting for membership, asked permission to join five European conventions in the sphere of combating crime."

He said that moves are under way for Ukraine's joining of European conventions in the field of sports, television and radio broadcasting, as well as in the sphere of preserving archaeological and cultural valuables and on natural and ecological disasters.

Kuras also expressed regret that "the elimination of the consequences of the Chernobyl disaster remained outside the framework of the CE priority list and thus no financial support was given to this area."

Early in October in Kiev there will be a consultative meeting between representatives of Ukraine and the Council of Europe. Under discussion will be Ukraine's future membership in the organization.

Kuchma Says Interests Safeguarded in Russian Pact

LD2109211994 Moscow INTERFAX in English 1709 GMT 21 Sep 94

[From the "Presidential Bulletin" feature No.183 (673): Compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[Text] Ukrainian President Leonid Kuchma said that the Ukrainian interests would be taken into consideration in the efforts to prepare and conclude a comprehensive Ukrainian-Russian friendship and cooperation agreement.

Talking to newsmen at a farming fair in the suburbs of Kiev Tuesday, Kuchma said work on the agreement "went on". He was sure the agreement must be signed because "Russia remained Ukraine's main partner", he said.

The opposition felt the upcoming agreement would infringe on the national interests but Kuchma said he wanted "no man-in-the-street to tell him what kind of agreements he was to sign".

In response to questions from Interfax-Ukraine, Kuchma said he intended to go public with a plan for actions in the national parliament. "It will be a plan for action, he said, and not a program that requires parliamentary endorsement".

Knowledgeable sources on the Kuchma Administration told Interfax-Ukraine that next week Kuchma would be likely to address parliament with a concept for a radical economic reform.

Kuchma told newsmen there might be certain differences between his and the IMF views of the Ukrainian reform.

IF Note: In a bid to put down inflation and reduce budget deficit in Ukraine, the International Monetary Fund is calling for the suspension of government subsidies to the fuel and power production complex and farmers, and reduced spending on social programs. To get an IMF loan, Ukraine must move to free prices, stabilize industrial production, speed up its privatization program and stop trading its karbovanets for hard currency at fixed exchange rates.

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According to the speaker of the Ukrainian parliament Oleksandr Moroz, Kiev accepted, in principle, the IMF demands but saw "the proposed drop in social spending" as very dangerous. In Moroz' view, Kiev cannot afford suspending subsidies to the industries and farming units. And the early liberation of the karbovanets will lead to the uncontrolable export of raw materials, Moroz says.

Nationalists To Hold Congress in Chechnya

LD2109230294 Kiev UNIAN in Ukrainian 1720 GMT 21 Sep 94

[Text] Kiev [No dateline as received]—At a news conference on 21 September on the results of a trip to the Chechen Republic by a delegation of the Ukrainian National Assembly, people's deputy Yuriy Tyma said that the Chechen leadership, its president Dzhokhar Dudayev, in particular, supported the initiative of UNA-UNSO [Ukrainian National Assembly-Ukrainian National Self- Defense] to hold an international congress of freedom-loving forces in Groznyy on 7-9 October.

In an interview with a UNIAN correspondent Yuriy Tyma said he did not assess this visit to the "independent state of Chechnya" as an act of interference in Russia's internal affairs. He referred to this trip as "an act in protection of Ukrainian interests" because, he said, "foreign policy of UNA-UNSO leaves the official Ukrainian policy behind." In the opinion of Viktor Melnyk, chairman of the executive council of UNA, one cannot draw a parallel between the visit by the UNA-UNSO delegation, with a people's deputy on its composition, and the visits to Crimea by the deputies to the Russian Federation's State Duma, because "the deputy to the Supreme Council of Ukraine did not meet the opposition forces in Chechnya, which are outlawed," while the Russian deputies "arrive to their 'fifth column' in Crimea; in other words, carry out subversive activities."

At the news conference Yuriy Tyma and Anatoliy Lupynis, chairman of the political consultants' group of UNA-UNSO, showed journalists a written resolution of the joint sitting of the Chief Intelligence Directorate and the Federal Counterintelligence Service of Russia. In the opinion of the UNA-UNSO representatives, the above document proves that the epidemic of cholera in Dagestan was provoked by the Russian special services to block approaches to Chechnya.

Yuriy Tyma and Anatoliy Lupynis also showed a document which, they said, belonged to the Russian Federation Ministry for Nationalities and Nationalities Policy, and which proves that the ministry devised a myth about the Islamic threat in the Caucasus.

Black Sea Fleet Commander Cited on Finances

MM2209093394 Moscow KRASNAYA ZVEZDA in Russian 21 Sep 94 p 1

[Report by Vasiliy Dandykin from the "KRASNAYA ZVEZDA Correspondents and News Agencies" roundup: "Where Is the Fleet's Money Going?"]

[Text] Sevastopol—At a recent press conference, City Council Chairman Viktor Semenov declared that Sevastopol should be the main base of the Black Sea Fleet.

Viktor Semenov did not conceal the fact that in today's situation he is relying more on the aid to the city promised by Leonid Kuchma than on Russia's billions. It is very possible that Kiev will find the funds and help Sevastopol. Meanwhile, as Black Sea Fleet Commander Admiral Eduard Baltin declared recently, before the year is out, the Fleet expenditures which go to replenish Ukraine's public purse, will amount to over 2 trillion karbovantsi—that is, one quarter of Fleet's entire financial back-up, and almost one half of the Crimean budget.

National Affairs

Parliament Commission To Draft New Constitution

LD2109210594 Moscow ITAR-TASS in English 1949 GMT 21 Sep 94

[By UKRINFORM correspondents Viktor Kovalenko and Aleksey Petrunya for TASS]

[Text] Kiev September 21 TASS—The Ukrainian parliament on Wednesday set up a 40-strong commission to draft a new constitution. The commission will be headed by the republic's president and the parliament leader as co-chairmen.

The resolution on the issue adopted by the parliament session specifies that 15 people will be delegated to the constitutional commission by the parliament, and another 15 members will be nominated by the president.

The parliament of the Autonomous Republic of Crimea will be represented on the commission by one person. Seven members will be delegated from Ukrainian prosecutor-general's office and the courts of justice.

Parliament Adopts Resolution on Cholera Epidemic

LD2109140694 Moscow INTERFAX in English 1235 GMT 21 Sep 94

[Text] The Ukrainian parliament adopted a resolution on the epidemiological situation in the republic.

The government and ministries, the Crimean Government and the local government bodies were instructed to take urgent measures to curb the spreading of cholera.

The Cabinet was instructed to adopt a state program for the development of the water-supply system and provide the population of Ukraine's southern regions with fresh water.

State Property Fund Chairman Appointed

LD2109122594 Moscow INTERFAX in English 1122 GMT 21 Sep 94

[Text] Yuriy Yekhanurov was appointed chairman of the Ukrainian State Property Fund. On Tuesday, at the

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evening session, 263 out of 321 deputies approved the candidature with 12 votes against.

Earlier, Yuriy Yekhanurov worked as the deputy economics minister.

Addressing deputies of the Ukrainian parliament Yekhanurov favored tougher control in the field of privatization and the creation in Ukraine of a market of securities.

He believes the buying of property by foreign investors in Ukraine should go along a single channel. "Then we will be able to control it," believes Yekhanurov.

New Deputy Minister for Economic Ties Appointed

AU2109140394 Kiev URYADOVYY KURYER in Ukrainian 20 Sep 94 p 1

["Ukrainian Presidential Edict on Appointing A. Shcherbatyuk as Ukraine's deputy minister of external economic ties" signed by President L. Kuchma in Kiev on 16 September]

[Text] To appoint SHCHERBATYUK, Anatoliy Antonovych as Ukraine's deputy minister for external economic ties.

[Signed] President L. Kuchma
[Dated] Kiev, 16 September 1994.

Official Receives Stab Wounds in 'Organized Attack'

LD2109124794 Moscow ITAR-TASS in English 1149 GMT 21 Sep 94

[By ITAR-TASS correspondents Viktor Demidenko and Mikhail Melnik]

[Text] Kiev September 21 TASS - Seven stab wounds were dealt to Sergey Osyka, assistant of the Ukrainian minister for foreign economic relations, who was riding in his boss's car, ITAR-TASS was informed by Dmitriy Tabachnik, head of the Ukrainian president's administration.

In his opinion, the terroristic act was planned in advance. It was by sheer chance that the minister was not in the car during the attack. The criminals managed to escape. An investigation is under way.

Tabachnik believes the attack on the minister's car was organised in reply to President Leonid Kuchma's decree on urgent measures to combat crime. The criminal underworld is beginning to coordinate its actions against state structures. According to Tabachnik, the Ukrainian Interior Ministry possesses information on this score, which will be published shortly.

Congress of Muslims Attempts To Prevent 'Split'

AU2209071994 Kiev HOLOS UKRAYINY in Ukrainian 16 Sep 94 p 2

[Report by Mykhaylo Mykhayliv: "Ukraine's Muslims Have Gathered at a Congress in Kiev"]

[Text] **Today, the First Congress of our country's Muslims has opened in Kiev under the auspices of the Spiritual Administration of Ukraine's Muslims [DUMU].**

According to DUMU estimates, Ukraine's Muslim community numbers approximately 2.5 million persons. They are mainly immigrants from Muslim autonomies in Central Russia, Northern Caucasus, Azerbaijan, and Central Asia. Particularly numerous is the Islamic community of Crimean Tatars, who reside in dense groups. The DUMU was created and registered in September 1992 in conformity with the current Ukrainian legislation. Sheik Tamim is Ukraine's mufti. The newspaper MINARET, published in Kiev in 20,000 copies, is the DUMU's published organ. Ukraine's Muslims are of Islam's Sunni denomination.

The congress will gather almost 200 delegates, who will represent practically all regions of Ukraine where Muslim communities exist. Prominent spiritual guests from Islamic countries, representatives of muftiyats of CIS countries and of Islamic communities of Western Europe and the United States will also come.

The congress will consider the situation that has taken shape among Ukraine's Muslims, will introduce changes and additions to the DUMU statutes, and elect leading bodies. It is important that the holding of the congress will make it possible to achieve, canonically, an independent DUMU status (at present, the DUMU is canonically dependent upon the Center of Muslim Spiritual Administrations in Ufa [Bashkortostan]). In addition, the participants and guests of the congress will witness the moving ceremony of laying the first stone in the foundation of a mosque in Kiev.

The main task of Islam, like of any other religion, is to unite people around the idea of serving God and fulfilling divine laws. Over the two years of the DUMU activity, Muslim communities of Tatars, Bashkirs, Azeris, Dagestanians, Kazakhs, and so on have united around the DUMU. Notwithstanding this, the situation in Ukraine's Islamic milieu is not simple.

A characteristic feature of the present situation in Islam on the territory of the former USSR is its lack of unity. In the majority of CIS states and in Russia's Muslim autonomies, there are two or three spiritual administrations in a single region. This is generally due to political reasons.

Such trends are also seen in Ukraine. The consistent anti- fundamentalist policy conducted by the DUMU within Ukraine's Islamic population not only gets support from fellow believers, but also resistance from its

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opponents, who occupy radical positions in Islam and are financed by foreign fundamentalist centers.

"We fight for Islam's spiritual purity and reject any extremism, which discredits the teachings of Allah that have been passed on to us by prophet Muhammad, may peace be with him. Our task is to unite Ukraine's Muslims regardless of their nationality, to protect them from the pernicious influence of fundamentalism and extremism, and thereby to help our Ukrainian society in creating a strong state, of which we are citizens," this is how Ukraine's mufti Sheik Ahmed Tamim understands the DUMU's social mission.

The Crimean problem has also been reflected in Ukraine's Islamic milieu. In conformity with its autonomous status, an independent Spiritual Administration of Crimean Muslims [DUMK] functions on the peninsula. As reported from Moscow sources, the Crimean mufti is a member of the Supreme Coordination Center of Spiritual Muslim Administrations of the Russian Federation. The DUMK is also going to hold a congress of Muslims, as already reported. Therefore, one can see a trend toward a split in Ukraine's Muslim community. In this connection, the newspaper MINARET writes in its editorial that any fragmentation in Ukraine's Muslim community must be avoided, as this is not only contrary to the interests of the Islamic unity movement, but is also at variance with the tenets of the faith.

It is likely that the congress in Kiev will introduce certainty into this ambiguous situation and will help its participants to find acceptable decisions.

Explosion at Lisichansk Oil Refinery; 3 Dead

LD2109141394 Moscow INTERFAX in English 1328 GMT 21 Sep 94

[Text] Wednesday morning an explosion shook the oil refinery in the city of Lisichansk, Ukraine's Lugansk region. According to preliminary reports, two firefighters and one oil worker were killed in the efforts to put out the ensuing fire.

The Fire Fighters' Administration of the Ukrainian Ministry of Internal Affairs told Interfax-Ukraine that six more firefighters received burns and were taken to the hospital. The fire was extinguished.

Masol: Gas Debt Over $5 Billion

LD2209101394 Kiev UNIAR in Ukrainian 0800 GMT 22 Sep 94

[Excerpt] Kiev, 21 Sep—Ukraine's Prime Minister Vitaliy Masol made a speech at the Supreme Council's evening session about the meeting of heads of government of CIS countries which was held In Moscow 9 September. He said that 25 issues were discussed, including economic and social protection issues and the issue of marking the 50th anniversary of the victory over fascism, etc. Vitaliy Masol gave information on the amount of Ukraine's debt and described Ukraine as a debtor state. At present Ukraine owes Russia $1.7 billion and Turkmenistan about $1 billion for gas. The debt to such countries as the United States and Germany for credits is $424 million and Ukraine's state debt to Russia is $2.5 billion, including $130 million in overdue payments. The total amount is about $5.724 billion.

The prime minister answered questions from deputies. As Mr. Masol noted, one of the main issues was the question of creating an interstate economic committee which is to work on a permanent basis, analyze the economies of CIS countries, and elaborate appropriate recommendations as well as working out joint programs for the development of individual sectors. Russia will have 50 votes in the committee and Ukraine will have 14. Other states will have three votes each. Following a proposal by Ukraine, such a system will operate until 1 January 1996. This will be a coordinating and executive body. The supervisory and administrative functions will only be delegated on a voluntary basis. The committee will be a supranational body and will report to the Council of Heads of State. The Council of Heads of State approved draft agreements and resolutions with regard to this committee and recommended that it should be discussed at a meeting of heads of CIS states which will be held in Moscow in October 1994. [passage omitted]

Presidential Edict on Servicemen's Call-Up

AU2209071894 Kiev URYADOVYY KURYER in Ukrainian 20 Sep 94 p 1

["Ukrainian Presidential Edict on Dismissal of Servicemen to Reserves and Scheduled Call Up of Ukrainian Citizens to Regular Military Service in October-December 1994" signed by President L. Kuchma in Kiev on 16 September]

[Text] In accordance with Ukraine's law "On General Military Duty and Military Service," I resolve as follows:

1. To dismiss to the reserves from the ranks of Ukraine's Armed Forces, Ukraine's National Guard, Ukraine's Security Service, Ukraine's Border Troops, Internal and Escort Guard of Ukraine's Ministry of Internal Affairs, troops of Ukraine's Civil Defense, and the Black Sea Fleet in November-December 1994 those servicemen who have completed their terms of regular military service and those who were called up in March-June 1993 for 18 months regular service.

2. To call up to regular military service in Ukraine's Armed Forces, Ukraine's National guard, Ukraine's Security Service, Ukraine's Border Troops, Internal and Escort Guard of Ukraine's Ministry of Internal Affairs, troops of Ukraine's Civil Defense, and the Black Sea Fleet in October-December 1994 those Ukrainian citizens of the male sex who have turned 18 by the time they have to join military units and who have no right to defer, also those citizens of older call-up age who are no longer entitled to postponement of regular military service.

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[Signed] Ukraine's President L. Kuchma
[Dated] Kiev, 16 September 1994

Problems Facing Commercial Fleet Detailed

WS2109123094 Lvov POST-POSTUP in Ukrainian 1-6 Sep 94 p B6

[Report by Artem Filipenko: "Three Years Out of Law; Or Does Ukraine Have Its Own Maritime Policy?"]

[Text] The Cabinet of Ministers made a small present to the national commercial sea fleet on the third anniversary of Ukraine's independence—it approved the statute on procedures for the state registration of foreign ships that are exploited by business entities according to the bearboat-charter [berbout-charter] agreement. (As a reminder, according to the bearboat-charter agreement, a freight company has the right to own and use a vessel, except for selling or pawning it). The document is not significant because it attracts a little more foreign investment into the maritime industry. So far, only one Ukrainian ship owner has chartered a foreign ship on a bearboat basis. The Azov Steamship Company chartered one tanker under such conditions—at a time when the Ukrainian president's edict on 25 April, allowing the parallel registration of bearboat-chartered ships, substantially narrowed the circle of potential freight companies by banning enterprises with foreign investments from taking advantage of such practices.

This decision by the government is important for certain other reasons. The Ministry of Transportation was tasked with creating the state ship register and procedures for its activation. Maritime experts had a spark of hope that the state will eventually bring order into the commercial maritime fleet. The point is that ships sailing under the Ukrainian banner still belong to the nonexistent state, the Soviet Union, according to their documentation. This, in turn, provokes numerous claims and conflicts during their stays in foreign ports. The prestige of the Ukrainian banner, low as it is, is declining even faster. With the ship register in place, it will at long last be possible to know how many ships Ukraine has. "As of today, we do not know the total strength of the national fleet," Volodymyr Sevryukov, head of the department of the national fleet's registration and classification, said. All registration is done by the captain's board [kapitanat bortiv]. Nonetheless, it is subordinate to the chief of a port, which is an economic body. There is no single registration document. Documents for the register were prepared as long ago as last fall, and sent to Kiev. After that, every trace of them was lost.

The absence of the register leads to numerous abuses. The presently valid Soviet laws do not provide for something as the right to pawn. A ship can be pawned several times over, and it is very difficult to trace the entire process back. Normative acts drafted by the Ukrainian Ministry of Sea and River Transportation make this possible. Still, those documents are stuck somewhere in Kiev. Maybe someone is deliberately holding them up? In the meantime, deputy and ministry commissions are searching the vast reaches of the world's oceans for the ships of the "Blasko" concern.

Law Is Good When It Exists

The creation of the ship registry has been delayed until now because the Commercial Maritime Code [KTM], the fundamental normative act regulating maritime transportation operations, has not been drafted. As long ago as 3 January 1993, the Ukrainian president issued the directive "On Legal Regulation of the Operation of the Ukrainian Maritime Transportation" tasking the Cabinet of Ministers with setting up within two weeks several working groups to craft basic draft laws. They included the Code of the Ukrainian Commercial Navigation, the Statute of Ship Service, the Statute of the Port Captain, and others—a total of 14 legal acts without which the maritime transport operations are simply impossible. However, the maritime transportation department, the Black Sea Steamboat Company, and higher education institutions in Odessa that were supposed to put together the drafts never received those documents. Prepared at the initiative of the Black Sea Steamboat Company and the maritime department, the KTM mired in the maze of numerous parliamentary commissions and the relevant ministries.

As a result, sovereign Ukraine continues to use old USSR legislation, in compliance with the resolution by the Supreme Council of 12 September 1991, "On Temporary Enactment of Certain Legal Acts of the Soviet Union on Ukrainian Territory." For example, still valid is a code adopted in 1968. It stands to reason that designed to suit the command and administrative system, it runs counter to present-day realities.

Without a Steering Wheel and Sails

Among other documents that the Ukrainian president obliged the Cabinet of Ministers to draft was the Statute of the Ukrainian Register. The register is a government body in charge of classification and technical inspection of the maritime safety regulations. The maritime register of the USSR used to be one of the world's largest classification associations. In 1969, it was admitted to the International Association of Qualification Organizations [MAKT], whose members include Great Britain's Lloyd Registral of Shipping, the U.S. Bureau of Shipping, and Bureau Veritas of France. The organization consists of 11 permanent members and two observers. After independent states emerged on the ruins of the Soviet Union, a question arose about handling safety issues within the Ukrainian Maritime Fleet.

Concealing the fact that the USSR Register was a MAKT member, the Department of the Ukrainian Sea and River Transportation came up with a proposal to create on its basis the maritime register of CIS counties. This proposal was politically neutral. Experts from the above

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department envisioned the CIS Qualification Association as an independent institution supervised by the board comprising representatives of the member states. It could also issue shares distributed among the members in proportion to their fleets. Last spring, the Ukrainian Transportation Ministry sent a similar proposal to its Russian counterpart. However, the Russians decided to create on the basis of the Soviet register their own qualification body supervising national and, in cases of relevant requests or agreements, foreign ships.

The Russian register, as the successor to the Soviet register, became a MAKT member, and now it ranks sixth according to supervised tonnage, with the tonnage of the Ukrainian commercial fleet being a part of that.

The point is that after Russia secured its own register, Ukraine was left empty handed. The draft law on the Ukrainian transportation, submitted to parliament but still not approved, envisions that the technical and qualification control over sea vessels is executed by the Ukrainian register. However, unlike the Russian one, it will have a number of serious flaws. To begin with, it will not be admitted to the MAKT. To enter that organization, one should have at least 15 years of working experience with it and a fleet with a total of 8 million tonnes of minimum deadweight, a far cry from Ukrainian's 5.5 tonnes. Without MAKT membership, the fleet supervised by the Ukrainian register will be doomed to lower freight costs, higher port tolls, and lower insurance rates. In addition, this will profoundly affect the Ukrainian ship-building industry. Imperfection of the Ukrainian register will have a negative impact on prices for exported steamboats and ship equipment. Notably, in 1992 alone, Ukraine exported 90 percent of the national tonnage and 30 percent of ship equipment. The same situation occurred in 1993.

Ukraine has a shining example in Romania, which decided to create its own qualification register. However, well-known economic considerations prompted it to have some authoritative foreign register make out papers for its ships operating outside the country.

Given the situation, experts from the Maritime Department suggested that instead of the qualification association, a conventional supervision body should be created overseeing Ukraine's fulfillment of international conventions on maritime safety. The management, however, decided to follow Romania's example. On 12 November 1992, by order of the transportation minister, the Ukrainian shipping register was created allowing, before admission to the MAKT Association, for concluding agreements with the leading registries on ensuring qualification, as well as executing conventional controls. The register's director was appointed. But for him to work according to international standards, a resolution by the Cabinet of Ministers was needed that would give him sufficient powers. Even though the department's experts twice received the approval of the draft resolution from interested ministries and institutions, the document was removed from the government's agenda this past April. This happened because of the lack of understanding among leaders of certain maritime fleet structures. So, the Russian register was given the right to execute the qualification and convention controls.

Is Ukraine a Colony of Russia?

The sovereign Ukrainian state should have its own convention body, Volodymyr Sevryukov believes. There are several ways to achieve this, the creation of a common supervising structure with some renowned qualification association among them.

The fact that Ukraine's commercial fleet is under control of the Russian register poses an even greater threat, because MAKT has recently toughened its requirements regarding technical conditions of ships. The reason is that many ship owners find it more profitable to put their ships under the supervision of small qualification associations, which eases controls over the fleet and worsens their condition due to reductions in repair and maintenance costs.

Ukraine inherited two powerful Black Sea steamboat companies. However, the average age of Ukrainian ships is 19 years, compared with 22 years according to international standards. Some 80 percent of multipurpose ships fail to meet those standards. The MAKT's stringent measures can lead to the decomissioning of a considerable portion of the Ukrainian fleet. Given Russia's control over it, the purely technical problem can grow to become a political one.

Sad Conclusions

What has been said above clearly testifies to the following fact: Over the three years of Ukrainian independence, the country's leadership still has no maritime policy. It has not even managed to devise national maritime legislation. This explains much of the commotion over the Black Sea Steamboat Company. The "Blasko" issue is not about Pavel Kudyukin or those who sanctioned the company's creation. This is the issue about state policies. So, one can only ask here: Is Ukraine really a maritime state, or is it a state at all?

Continuing Reportage on Crimean Government Crisis

Marchuk Mission Brings 'Partial Accord'

AU2109121894 Kiev HOLOS UKRAYINY in Ukrainian 20 Sep 94 p 1

[Unattributed report: "A Partial Accord Has Been Reached"]

[Text] As we already reported, Ukraine's vice premier Yevhen Marchuk and a special Supreme Council commission headed by Yuriy Karmazin, chairman of the Standing Commission for Control Over Fulfillment of

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Resolutions, is in the Crimea. Their goal was to thoroughly study the "Crimean problem" and reconcile the legislative (parliamentary) and executive (presidential) branches of power on the peninsula.

As a result of the negotiating process, a certain but not final accord was reached: Either the present Crimean Constitution should be brought in line with the Constitution of the Ukrainian SSR or the Crimean authorities should wait until the Ukrainian Constitution is adopted and then bring all the legal acts of the Crimean Republic in conformity with it.

The Crimean parliamentarians agreed that the Crimean Supreme Council had no right to adopt the law "On Militia," as it meant, primarily, a disruption of Ukraine's legal area. It was pointed out that the creation on the peninsula of armed (militia) formations that are not subordinated to the central power is inadmissible.

Law on Changes to Constitution

944K2358A Simferopol KRYMSKIYE IZVESTIYA in Russian 20 Sep 94 p 1

[Law of the Republic of Crimea: "Revisions and Addenda to the Constitution of the Republic of Crimea"]

[Text] 1. Revisions and addenda to be made to articles 111, 125, 138, and 148 of the Constitution of the Republic of Crimea.

1) Clause 13 of part 2 of Article 111 to read as follows:

"13) the election on the grounds and in the procedure specified by the constitution and current legislation of justices of the Constitutional Court of the Republic of Crimea, the chairman and justices of the Supreme Court of the Republic of Crimea, the chairman and justices of the Court of Arbitration of the Republic of Crimea, and justices of district (municipal) courts";

2) Clause 5 of Article 125 to read as follows:

"5) present to the Supreme Council the candidates for appointment to the office of deputy prime minister of the government of the republic and submit proposals concerning his dismissal from this office; candidates for election as justices of the Constitutional Court of the Republic of Crimea in the procedure specified by the constitution and the laws of the Republic of Crimea";

3) Part 1 of Article 138 to read as follows:

"1. All justices shall be elected by the Supreme Council of Crimea on the grounds and in the procedure specified by the Constitution of the Republic of Crimea and current legislation."

4) The words "as recommended by the president" to be deleted from Article 148.

II [as published]. This law shall take effect the moment it is published.

[Signed] S. Tsekov, chairman of the Supreme Council of Crimea
City of Simferopol, [date obscured] September 1994
No 16 [final digit obscured]-1

Parliament Decrees No Confidence in Government

944K2358B Simferopol KRYMSKIYE IZVESTIYA in Russian 20 Sep 94 p 1

[Decree of the Supreme Council of Crimea: "Vote of No Confidence in the Government of Crimea"]

[Text] On the basis of clause 4 of Article 129 of the Constitution of the Republic of Crimea, the Supreme Council of Crimea decrees that:

1. It expresses a vote of no confidence in the Government of Crimea.

2. It demands of the president of the Republic of Crimea the dismissal of the government.

3. The decision on the resignation of the Government of Crimea be presented to the Supreme Council of Crimea for approval within seven days' time.

[Signed] S. Tsekov, chairman of the Supreme Council of Crimea
City of Simferopol, 15 September 1994
No 181-1

Government Activity Control Commission Created

944K2358C Simferopol KRYMSKIYE IZVESTIYA in Russian 20 Sep 94 p 1

[Decree of the Supreme Council of Crimea: "Creation of a Control Commission of the Supreme Council of Crimea for the Activity of the Government of Crimea"]

[Text] In connection with the passing of a vote of no confidence in the Government of Crimea and the need for control of its activity in the transitional period, the Supreme Council of Crimea decrees that:

1. It creates a Control Commission of the Supreme Council of Crimea for the activity of the Government of Crimea.

2. It instructs the president [as published] of the Supreme Council of Crimea to confirm the personnel composition of the Control Commission.

[Signed] S. Tsekov, chairman of the Supreme Council of Crimea
City of Simferopol, 15 September 1994
No 183-1

Deputy Argues Government Structure

944K2359C Simferopol KRYMSKIYE IZVESTIYA in Russian 20 Sep 94 p 1

[Report by N. Zubkova: "Special Attention to the Structure of the Government"]

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[Text] The session of the Supreme Council of Crimea has, as we know, given the Law on the Government of the Republic its first reading. This bill is currently being revised in the commissions, and the head commission—on constitutional development, legislation, legality, and law and order—is receiving the deputies' specific proposals.

In particular, Boris Deych, deputy of the Supreme Council, is requesting that Commission Chairman Sergey Nikulin take account also of his amplifications of articles of the law. Boris Davydovich believes that Article 42, clause 1—which deals with the ministries that Crimea needs—should exclude from this list the Ministry of Resorts and Tourism—its functions may be handled perfectly well by the Ministry of Economics. Nor, in the same way, is the Ministry for Affairs of the Government of Crimea necessary—an administration of affairs of the government is sufficient. But the affairs of deported citizens should be handled not by a state committee but by a full ministry.

The deputy submits his amendments also to clause 2, which provides a list of state committees. B. Deych insists that a state committee for communications and information should not be formed, inasmuch as this work can be handled perfectly well by the Ministry of Industry and Economics. And there is a whole list of committees that the structure of the government needs, in the deputy's view, but that have not been included in the draft law: for forestry; for trade and consumer protection; for land resources; for affairs of youth, physical culture, and sport.

Whether the Supreme Council deputy will be supported, the second reading of the law will tell, but it is essential that heed be paid to these proposals.

V. Minin Accused of 'Intrigues'

AU2209082294 Kiev MOLOD UKRAYINY in Ukrainian 20 Sep 94 p 1

[Report by Volodymyr Prytula, MOLOD UKRAYINY special correspondent, from Simferopol: "False Minister Minin Apologizes to President Kuchma"]

[Text] The end of last week in the Crimea was no less turbulent than the beginning. First, Yevgeniy Saburov, Moscow economist and vice premier of the Crimean government, told reporters that he was resigning. Then, the Crimean Supreme Council, too, announced that the deputies had expressed, by a majority of votes, no confidence in the Meshkov-Saburov government and demanded that the president of the autonomous republic accept the government resignation within one week. The deputies voted with uncommon unanimity to remove Viktor Minin from the post of head of the Crimean State Affairs Service. The people's deputies, who spoke at the session, were very resourceful in calling him all sorts of things: false minister, instigator, inspirer and organizer of the coup, and so on.

All of this is close to the truth. According to Vyacheslav Balla, member of the Presidium of the Crimean parliament, it was in fact V. Minin who persuaded Yu. Meshkov to disband the Crimean Supreme Council. According to the same deputy, intrigues resorted to by the head of the State Affairs Service largely led to the conflict between the Crimean president and the Supreme Council of the autonomous republic. Even though V. Minin occupied a high position in the Crimean leadership, nobody on the peninsula really knew who he was. It is only known that, in the past, Mr. Minin was a USSR people's deputy and deputy chairman of the Soviet Union Supreme Council Standing Commission for Security Issues. It is also known that V. Minin has close ties with many influential people among the Russian leadership, in particular, with [Russian deputy prime minister and minister of economy] O. Shokhin, [mayor of Moscow] Yu. Luzhkov, and others. He also has influence in Kiev. The present Ukrainian president largely owes the support from Moscow and in the Crimea to Viktor Minin. During the election campaign, the head of the Crimean State Affairs Service tirelessly shuttled in the triangle Simferopol-Moscow-Kiev. Prior to the coup attempt in the Crimea, he spent weeks in the Ukrainian capital, where he mainly had contacts with Dmytro Tabachnyk, head of the presidential administration. Local deputies are convinced that Minin actually had influence on President Kuchma through Tabachnyk. It is possible that for that reason the presidential idea of the zero variant for resolving the Crimean constitutional crisis took shape, when Yu. Meshkov would have to cancel his illegal unconstitutional edicts on disbanding the Crimean Supreme Council and the Crimean parliament—its legal and constitutional decisions on restricting the powers of the president of the autonomous republic. It was also pointed out at the session that, using some Moscow and Kiev information agencies, V. Minin disseminated false information on L. Kuchma's support for Yu. Meshkov's actions. Although delayed, presidential structures refuted those assertions by Minin. On Saturday [17 September], it became known that he had written a letter of repentance to L. Kuchma. In the letter, he apologized for the wrong ("erroneous") interpretation of the presidential position. One is given to believe that Minin's luck as a statesman has run out.

However, those who more or less know him maintain that V. Minin will not leave the Crimea just like that. If he does leave, he will go to Kiev to work in the presidential administration. As one of the Crimean deputies put it, such "specialists" as Minin are in demand in Kiev. Are they really?

Political Turmoil, Economic Hardship Continue

944K2359A Simferopol KRYMSKIYE IZVESTIYA in Russian 20 Sep 94 p 1

[Weekly roundup by L. Petrova: "Passions Are Our Misfortune...."]

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[Text] **One more week has irretrievably passed, bringing Crimeans no relief and adding nothing to the prestige of the authorities.**

While the deputies and the president and the government are seeking consensus in their relations, the masses are talking at mass meetings and at trolleybus stops about prices, pensions, and wages. This emphasizes once again that both the Constitutional Court Act and the edicts of the president, on his representatives locally and, exploding like a pistol shot, on the dissolution of parliament, are stumbling blocks that have surfaced from the depths not so much on account of the nonseparation of powers between the authorities as under pressure from that same problem, hoary with age—the jammed economic and social reforms.

The people elect the authorities. The people will deprive them of their swivel chairs also. It is with good reason that both the president and the deputies have been emphasizing incessantly all week that they are "popular," not noticing how, behind the debate, a gulf separating them from the hungry, cold, and angry crowd seeking in the eyes of the authorities a single answer as to who will help it is appearing from beneath the "roof."

An interesting question, of course, the well-known satirist would have said. But never mind him. The laurels of popularity have passed from Crimean television, which showed us each evening the performance around the president, suggesting to us by degrees whom to follow and whom to remove from the payroll, to Ye. Saburov—the person who was entrusted with playing first fiddle in the economic reform. Today he has tendered his resignation, obliging parliament and distressing the president. Whereas the president has been holding on to him because he still believes in the potential of Yevgeniy Fedorovich, the people have simply not grasped whether they should regret this loss or not. Neither the idea of cheap and marathonlike privatization nor the increase in prices at a time of frozen wages have been evaluated by the ordinary worker of Crimea as being to his benefit. Ye. Saburov was evidently not vouchsafed the ability to persuade and to fight. As distinct from other mass-meeting orators:

"Russia, have pity on us, help us, save us," a lady representative of the Yuzhnoberezhye region cried heart-rendingly at one demonstration. At another all-Crimea meeting, a Moscow guest furiously appealed to the people: "Remember, without Russia you will have neither water nor grain nor gasoline."

We are not forgetting, but the caravan of life is somehow not hurrying from its beloved parts, although it is precisely at this time that we have neither grain nor gasoline nor meat. But, as Finance Minister L. Zaytseva said, we will purchase the deficient grain from the public in other regions of Ukraine also. We await water from the heavens, and gasoline will be received also, not bypassing Ukrainian channels, in the main. As far as food is concerned, here also the child does not grumble about its mother and feeds her as best he can—with cheap bread, fruit, and vegetables delivered to the home—and shares with his brother vacationers his last drops of water, trying not to notice how, having become very fat, they pay us luckless ones with merely a pitiful glance from their distant ruble space....

It is distressing. Although we could both be better ourselves and raise to the top the very best, those about whom Ye. Lyutov, a resident of Gornostayevka of Leninskiy District, formerly wrote to the president:

"Look for advisers not among generals from industry, 'landed gentlemen' from agriculture, and madcap schemers from business, economics, and politics, but among the teachers and writers, artists and inventors living a modest life in Bakhchisaray and Sevastopol, in Marfovki and Ivanovki—quietly grieving over the dying soul of the people. Seek assistants among the 'white crows.' Only they, like Danko, are capable amid the gloom of human prejudice, ignorance, and faithlessness of lighting by their burning hearts the people's way to well-being."

But passions are our misfortune—insatiable and strong at the most inappropriate moment....

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Belarus

Lithuania Offers Free Trade Agreement

WS2209100994 Minsk BELAPAN in English 1200 GMT 21 Sep 94

[Text] Lithuania has submitted a draft agreement on free trade to Belarus, Ambassador Extraordinary and Plenipotentiary Viktor Baublis has declared in an interview to ZVYAZDA. He also informed the newspaper that Lithuania had offered Belarus' business circles its service for transportation of Belarusian exported goods to the West. "We even invite Belarus to take part in the reconstruction of the sea port in Klaipeda on the principle of share holding"—V. Baublis said—"this is a large transport junction which can meet to a considerable degree Belarus' requirements in export and import".

UN Official, Chyhir Discuss Chernobyl Issues

LD2009202594 Minsk Radio Minsk Network in Belarusian 1700 GMT 20 Sep 94

[Excerpts] Peter Hansen, deputy UN secretary general for humanitarian issues, has held a news conference on the results of his stay in Minsk. Also taking part in the news conference were Michal Kochany, head of the UN department for Belarus; David Chikwanza, a member of staff of the UN Chernobyl secretariat; and Ivan Kenik, minister for emergency situations and protection of the population from the consequences of the Chernobyl disaster. According to Peter Hansen, there will be a meeting in Geneva this week on Chernobyl problems. Taking part in it will be Russia, Ukraine, and Belarus and also countries which are providing them with assistance. A range of questions will be addressed connected with the further implementation of the UN program for overcoming the consequences of the Chernobyl disaster.

During Peter Hansen's meeting with Belarusian Prime Minister Mikhail Chyhir, questions of further cooperation between the United Nations and Belarus in dealing with a wide spectrum of issues connected with Chernobyl were discussed. [passage omitted]

According to Ivan Kenik there are today three rehabilitation centers operating in Belarus for people affected by the Chernobyl disaster. The minister for emergency situations announced that, according to approximate estimates, Belarus needs about $150 million for purchases of medicines alone, and $500 million to $600 million to buy equipment for annual check-ups of the population subjected to the effects of radiation and living in the radioactive zone.

Premier Views CIS Summit, Monetary Union

WS2109133694 Minsk ZVYAZDA in Belarusian 13 Sep 94 p 1

[Interview with Belarusian Prime Minister Mikhail Chyhir by BELINFORM correspondent Svyatlana Kalinkina; date not given: "We Must Overcome the Current Situation Together"]

[Text] **The schedule of official visits is always so tight that, seemingly, it is only possible to find time for even a short interview in the air. Taking advantage of such an opportunity, a BELINFORM correspondent asked Prime Minister Mikhail Chyhir some questions on an airliner carrying the official Belarusian delegation back to Minsk from the CIS heads-of-state summit.**

[Kalinkina] Mikhail Mikalayevich, in what mood are you coming back home after your first attendance of a CIS prime ministers meeting? Are you sure that this meeting will not just line up in a series of former inefficient summits?

[Chyhir] I have an impression that everyone has begun to understand: We must overcome the current situation together. Attempts to overcome the economic crisis separately have collapsed, and, as of today, none of the former USSR republics can claim positive economic results. This is why all documents were signed at this meeting without lengthy discussions. Besides, they were drafted very democratically: None of the parties were charged with a particular responsibility or obligation. In principle, however, the creation of the Interstate Economic Committee envisions several consequences for violations of those agreements, which are to be worked out in the future. I think that there is no other way. To achieve something real, we need to unify into one mechanism that economic organism which we broke up some time ago. This can be done without infringing on the sovereignty and independence of CIS member states; one needs only remove the existing barriers. It seems to me that everybody understood this, and understanding is the first step. It should be followed by practical moves furthering the restoration and development of economic ties.

[Kalinkina] Do you think that the documents signed in Moscow do not threaten the sovereignty of CIS states?

[Chyhir] Yes, since all the documents preserve the independence of every state.

[Kalinkina] I do not know about the session, but in lobby interviews representatives of CIS national banks accused Belarus of being extremely conservative. In connection with this, I have a question. Will the creation of the Payment Union [Platsezhny sayuz] further the stabilization of the financial system, in view of the fact that Belarus has the most difficult situation in terms of inflation among all CIS states?

[Chyhir] An agreement on the Payment Union envisions possibilities for improving the payment situation, but, for securing coordination in settling accounts it is necessary to balance trade and payment balances. [sentence as published]. This is the main barrier, since there is no agreement on this issue. If there was an agreement on return deliveries, banks would secure the payments

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without problems. In the current situation, the blame should be attributed to the general situation in the economy, not banks. This is the original reason for the current mess in the sphere of payments.

[Kalinkina] Officials at the meeting in Moscow made rather skeptic prognoses with regard to the monetary merger between Belarus and Russia. Did you discuss this issue with Russia's representatives?

[Chyhir] This time the issue of unifying the monetary systems was not discussed with the Russian side. The issue has not, however, been removed from the agenda. This issue will be discussed but, in my opinion, the unification of monetary systems alone cannot yield positive results, because the situation with money turnover in our country is much worse than in Russia. A merger can take place only if our monetary systems are on the same level of development and the inflation rates are identical. Therefore, it is too early to discuss such a merger today. We will supposedly return to this question in the future. One should not, however, cherish special expectations with regard to this, because the merger alone, without steadfast and balanced economic ties, will yield nothing. Therefore, a more important issue for us today is the lifting of custom barriers. It was noted at the meeting that custom barriers can be lifted even without merging monetary systems. If we reach an agreement on this issue, the monetary merger issue will cease to be urgent and important for our Republic.

[Kalinkina] In connection with this, I would like to ask you to touch upon the preparation of priority measures within the framework of a program for overcoming the crisis in the Republic. Will this program be published before the legislative session begins?

[Chyhir] The program, in draft form, has been ready for a long time, but it is constantly being elaborated. It cannot be published in the press, since it is a rather bulky document. For the time being, I can only say that the program, in general, is ready. In particular, the program envisions measures for the end of this year and the first six months of the next. The implementation of many of its provisions, however, will require much more time than that.

Defense Minister Briefs Media on Reductions

WS2209102594 Minsk BELAPAN in English 1200 GMT 21 Sep 94

[Text] The structural reorganization of the Belarusian Armed Forces; personnel, housing and social problems of the Army; and the withdrawal of Russia's troops from the territory of Belarus were the subjects of a meeting of Colonel General Anatol Kastenka, Minister of Defense of the Republic of Belarus, with representatives of mass media, which was held on September 20. The meeting was held in the form of a seminar, not a press conference, and the press did not ask questions. Wishes were voiced for a more intensive cooperation between the mass media and the Defense Ministry. With this regard Anatol Kastenka declared that the reorganization of the Board for Communication and Information which was carried out within the framework of the reorganization of the whole machinery of the Defense Ministry was just aimed at closer contacts with the mass media.

Speaking about the reorganization of the Belarusian Armed Forces the minister declared that it was still in its initial stage—in the stage of reduction. As is generally known, at one time the Republic inherited military forces that were 167,000 men strong. In 1992, the forces were reduced by 30,000 people. By the end of the current year, the overall strength of the Belarusian Armed Forces is expected to be about 100,000 servicemen. About 1,000 out of about 1,500 military units that made up the Belarusian Military District will have been liquidated by the beginning of 1995. More than a half of the military units and institutions are subject to reorganization.

Kastenka told journalists about the new structural organization of the Army, showed on a map the places of stationing of the large military forces that determine Belarus' defense capability. In particular, the Land Forces consist of three army corps with their headquarters in Hrodna, Barisaw, and Babruysk, that were formed on the basis of the former armies with a view to meet the requirements of efficient and flexible defense. In this connection, divisions were reorganized into brigades 3,000 to 5,000 men strong, whereas the divisions numbered up to 14,000 servicemen and were aimed at waging an offensive war.

The minister dwelt at length on the problems concerning the withdrawal of Russia's troops from the territory of Belarus. He expressed anxiety about the state of the military bases after the troops' departure. The property, material values, technical equipment are often squandered. Russia's troops leave behind ammunition depots that are dangerous, in view of their expiring shelf lives. The air units leave ecologically dangerous components of propellant, in particular, melange. The minister gathered together the commanding officers of Russia's troops that are deployed in Belarus, and demanded that preventive measures be taken, for otherwise the military bases would become worthless. At the same time, a commission has been formed with a view to examine the Russian bases before their redeployment. The commission is headed by Major General Yawhen Nikulin, chief of the National Agency for Control and Inspections.

Speaking about the personnel problems, the minister said that in post-Soviet times the Army lost a lot of highly skilled specialists who wanted to leave the service or to be transferred to the armies of other CIS member-states where the financial, social, and housing conditions are much better. For instance, in the Armed Forces of Russia an average officer's salary is 3.5 to 4.5 times higher than the salary of a Belarusian officer. Russian servicemen enjoy a larger number of social privileges and guarantees. Besides, the Belarusian current defense-related laws run counter to the agreement between the

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CIS member-states on social guarantees to servicemen, retired servicemen, and members of their families, which was signed by Belarus on February 14, 1992. In this connection, in 1993, over 400 out of 2,300 graduating students at higher military schools signed contracts for service in the Russian Armed Forces, 208 young officers requested transfer to the reserves right after graduating from the military educational institutions.

Besides, there is a lot of problems in training officers. In view of the fact that there are only two higher military schools in the country, both with narrow specialization, they are not able to provide training in all the professions the Army requires, and the Ministry of Defense has to send young people to study abroad, which, naturally, costs a lot of money. In this connection only 47 young men, instead of 77 as was planned, became students of higher military schools abroad this year. The training of senior officers is another pressing issue. Unfortunately, because of the shortage of highly skilled lecturers necessary for establishing a national military academy, the Belarusian Army may face such a situation that Belarusian officers will have to study in Ukraine, at the newly established academy, if, of course, this will be acceptable from the financial point of view.

Kastenka also touched on the housing problem. According to him, 10,220 officers and warrant officers still remain without a lodgement of their own. According to the plan of housing construction for 1994, 37 apartment houses with 2,662 apartments, and a hostel for 80 people were to be built and put to use. Foreign companies were to build 1,422 flats. All in all,involving to all the available sources of financing, it was planned to build 4,202 apartments. However, by August 1, only 1,332 apartments were built, which constitute 32 percent of the target. Even allotting a lot of resources for solving the problem (12 billion rubles obtained from the sale of military hardware and from other sources in the first half of 1994) the ministry is not able to cope with it alone.

Speaking about the possibility of Belarus joining the Partnership for Peace program, Kastenka emphasized the importance of this program. He said that the Ministry of Defense had considered it necessary to join it.

Lukashenka Not To Hold Early Elections

LD2109210694 Moscow INTERFAX in English 1709 GMT 21 Sep 94

[From the "Presidential Bulletin" feature: No.183 (673): Compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[Text] So far President Alyaksandr Lukashenka has no intention of initiating early parliamentary elections. He said so at Tuesday's [20 September] news conference in Minsk in answer to a question from Interfax. According to the Belarusian leader, the main initiatives he intends to advance at the upcoming parliamentary session are a program for overcoming the economic crisis and proposals aimed at consolidating presidential powers.

He will ask the Russian leaders to allow Belarus to delay the payment of its debts for the supplies of Russian fuel which reached 500 million dollars, the president said. "His share" of these debts makes up only 5-6 million dollars, Lukashenka noted. Belarus pays its "current debts" for fuel in the amount of 92 percent, he said.

According to Lukashenka, the likelihood of a conflict between the president and parliament in Belarus, similar to last year's confrontation between the branches of power in Russia, is small.

The presidential power structure will be introduced, even if the parliament opposes it, Lukashenka warned. "In this case the present executive structures (meaning local councils) may be denied financing", the president pointed out.

The change in his attitude to some representatives of the presidential team, who complain of being disfavored, is connected with the circumstance that those people failed to receive clearance from the corresponding services.

IF Note: The appointment of Dmitriy Bulakhov, Lukashenka's canvasser during the presidential elections, as Secretary of State has not been approved for two months now. The chief of the department for the affairs of territories in the president's office, Viktor Tereschenko, also maintains that he has fallen into disgrace.

Lukashenka Postpones Meeting With Party Leaders

WS2209100894 Minsk BELAPAN in English 1200 GMT 21 Sep 94

[Text] President of the Republic of Belarus Alyaksandr Lukashenka has adjourned his meeting with leaders of political parties and movements, scheduled for September 22, for a week at least. According to information received, this was caused by the president's intention to make a report at the meeting on his view of the political situation in the country. The president needs a certain period of time to draw up such a report.

Moldova

Sale of MiG-29s to South Yemen Confirmed

LD2109223394 Moscow ITAR-TASS World Service in Russian 1503 GMT 21 Sep 94

[by ITAR-TASS correspondent Valeriy Demidetskiy]

[Text] Chisinau, 21 Sep—Nicolae Andronic, deputy chairman of the Moldovan parliament, confirmed at a press conference today that MiG-29 planes were sold to South Yemen this summer.

"All countries, including our neighbors, trade in weapons. The main thing is that the arms sale contracts

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should not be in contradiction with international rules," he said. The proceeds from the sale of the aircraft went into the republic's revenue, the deputy said. According to Petru Lucinschi, the chairman of the parliament, Moldova does not need part of the equipment inherited by the Moldovan Army when the armed forces of the former USSR were being divided up, and it is necessary to sell this equipment in order to raise money for the economic reform.

It was reported before that TARA, the newspaper of the Moldovan Popular Front, published a report citing some Romanian media to the effect that the Moldovan Defense Ministry sold on 20 June 1994 four MiG-29 planes and seven Uragan rocket launchers to South Yemen. According to the newspaper, the contract brought Moldova about 40 million dollars.

Council of Europe Delegates View Issues

AU2109201294 Chisinau BASAPRESS in English 2045 GMT 19 Sep 94

[Text] Chisinau, BASAPRESS, 19/9/1994—Today, the Council of Europe delegation which began its three-day visit to Moldova, the Ukraine, and Belarus met with the Moldovan Parliamentary leadership. Speaker Petru Lucinschi thanked the Council of Europe officials for their availability to examine Moldova's application for entering the Council of Europe. He said that any delay will harm not the current ruling party but the entire Moldovan people, and Europe as a whole which wants to restore stability in this region. Lucinschi gave a summary on the specific features of Moldova's socio-political situation. He mentioned that unlike the parliamentary opposition in other countries, Moldovan opposition "opposes Moldova's development as an independent state." He regretted that "often Romania stimulates these very forces." Luchinschi thanked for the Council of Europe experts' report on the Constitution and the draft law on special status for southern districts and said that Moldova might represent "an example of respect for the Council of Europe's recommendations."

Also today, the Council of Europe delegation met with parliamentary factions. Sergiu Mocanu, of the Christian Democratic Popular Front of Moldova (FPCDM), said during the meeting that "after adopting the Constitution, the Chisinau Government attempts to outlaw the opposition" on the grounds that the FPCDM's ideal to unite both Romanian states contradicts Moldova's independence. Mocanu said that the ideal "of creating a common state for all Romanians in the region" is not a crime. He favored Moldova's joining of the Council of Europe, emphasizing that the experts' report should have examined the respect for the law in Moldova. Mocanu stated that "human rights are violated in Moldova" arguing that "employees have not received their salaries for half a year", whereas in Eastern Moldova Romanians' right to education is transgressed. Vasile Nedelciuc, of the United Democratic Congress and Peasants and Intellectuals Bloc, stated that Moldova's joining of the Council of Europe will speed up "the extension of the Eastern common space of respect for human rights." Nedelciuc pointed out that European organizations should not follow information about Moldova received from Moscow and urged the Council of Europe delegation not to draw attention to "the speculations about Moldova's unification with Romania."

Snegur Briefs European Leaders on 14th Army

AU2109200894 Chisinau BASAPRESS in English 2045 GMT 19 Sep 94

[Text] Chisinau, BASAPRESS, 19/9/1994—Today, the Council of Europe delegation headed by Stanislav Daskalov, acting chairman of the Council of Europe Ministers' Committee, and Daniel Tarschys, Council of Europe Secretary General, met with Moldovan President Mircea Snegur. President Snegur pointed to the prerequisites on which Moldova based its application for joining the Council of Europe, mentioning the multiparty elections, adoption of the Constitution, promotion of economic reforms in Moldova and settlement of the Dniester and Southern conflicts. Snegur said that 14th Army's presence in Eastern Moldova is a separate problem which influences "the Tiraspol leaders' mentality." The agreements on Russian troops' withdrawal will be signed in October, Snegur said. Initially, the Moldovan officials insisted that the period for Russian troops' departure be less. However, after experts made assessments of the armament and munitions stored in the warehouses, it was agreed that a three-year period for the withdrawal would be sufficient provided that the armament is evacuated before the army is. Otherwise, it could be taken over by the Tiraspol separatists who will jeopardize the security of Moldova and the whole of Europe, Snegur said.

Stanislav Daskalov inquired about the relations between Chisinau and Bucharest officials after the Romanian Government criticized the Moldovan Constitution. President Snegur said "the Romanian Government's declaration was hastily made" and supported the Moldovan opposition. Snegur said that it would be good if the CSCE Mission to Moldova and the Council of Europe will elaborate a mechanism obliging Tiraspol leaders to settle peacefully the Dniester conflict. He mentioned that the Chisinau officials renounced using force.

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Kazakhstan

Parliament, Executive Vow To Avoid Confrontation

LD2109210194 Moscow INTERFAX in English 1819 GMT 21 Sep 94

[Text] The legislative and executive branches of power in Kazakhstan have decided to cooperate in order to avoid confrontation.

Deputy Chairman of the Kazakh parliament Kuanysh Sultanov told Interfax that Kazakh President Nursultan Nazarbayev had met with parliamentarians on September 20 and had proposed to sign an agreement on ensuring interaction and cooperation between the legislative and executive powers. The majority of parliamentarians backed this proposal (Sultanov said five or six parliamentarians had opposed the idea). The agreement was signed by Nazarbayev and the parliament's chairman Abish Kekilbayev.

The agreement said that any confrontation of the powers could threaten society with serious consequences. That is why the legislative and executive powers have agreed to consider interaction as the main condition for maintaining stability in society and overcoming the economic crisis.

Sultanov stressed that the Kazakh new professional parliament and the government had relations which were not "sufficiently correct." He spoke of the "not so respectful" statement of Kazakh Premier Sergey Tereshchenko on the parliament when speaking about high salaries for parliamentarians. At the same time, the parliament voted no confidence in the economic policy of the government in June, Sultanov added.

Nazarbayev To Strengthen Italy, Saudi Ties

LD2109204094 Moscow INTERFAX in English 1655 GMT 21 Sep 94

[Text] Kazakh President Nursultan Nazarbayev said before leaving Alma-Ata [Almaty] for Italy today that he hoped that his official visits to Italy and Saudi Arabia would strengthen relations with these countries and "open the way for development of joint business."

Nazarbayev will be in Italy on September 21-25 and in Saudi Arabia on September 25-28.

Nazarbayev said that in Italy he would meet with the Italian president and prime minister. Nazarbayev said he believed that relations between Rome and Alma-Ata were beneficial for both countries "economically and politically." He stressed that 33 Italian companies were working in Kazakhstan and Italy was the fifth partner of Kazakhstan in its relations with European countries.

Nazarbayev said that the lack of a legal basis hindered the development of economic cooperation. He added that his visit would be aimed at eliminating these obstacles. Nazarbayev said he believed that a treaty on the basis of economic relations, an agreement on mutual protection of investments and an agreement on avoiding dual taxation would be signed in Italy.

Nazarbayev also said he intended to meet with the Pope in the Vatican.

Nazarbayev will then visit Saudi Arabia on the invitation of the Saudi King. He said that relations with Saudi Arabia were of special significance for the spiritual rebirth of Kazakh Moslems. Nazarbayev stressed that Saudi Arabia was a large oil extracting country and that Kazakhstan, as an oil and gas extracting country, intended to learn from it and to closely cooperate with it.

Cites 'Mutually Beneficial Cooperation'

LD2109212094 Moscow ITAR-TASS in English 1858 GMT 21 Sep 94

[By KAZTAG correspondent Amangeldiy Akhmetalimov and ITAR-TASS correspondent Aleksey Bukalov]

[Text] Rome September 21 TASS—President Nursultan Nazarbayev of Kazakhstan told journalists in Rome's Grand Hotel on Wednesday evening that the aim of his visit to Italy was to familiarize Italy's public and business community with political and economic realities of independent Kazakhstan.

The Kazakh leader praised his conversation with Italian President Oscar Luigi Scalfaro which took place in the Quirinale Palace on Wednesday. He said the conversation was held in an atmosphere of amiable respect and mutual interest.

"We have arrived not to beg for credits but to get the Italians interested in the opportunities and prospects for mutually beneficial cooperation with our country," Nazarbayev stressed responding to questions from ITAR-TASS and KAZTAG.

Abdrakhmanov Tipped as Main Presidential Rival

MM2109135394 Moscow PRAVDA in Russian 20 Sep 94 p 1

[Unattributed report: "Alternative for Nazarbayev"]

[Text] In the opinion of the newspaper KTO YEST KTO, N. Nazarbayev's most serious rival in the 1995 presidential elections will be the 43-year-old Serik Abdrakhmanov, president of the "Yelim Ay" [name as transliterated] international ecological foundation. This former Kazakhstani presidential adviser has recently distanced himself from his patron and has been playing a game of his own.

"Some gray and mediocre people have recently found their way into the president's entourage. They stand for nothing, but they have offices and titles," Abdrakhmanov believes. Analysts believe that for most Kazakhs

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and Russians the young new leader could be a consolidating figure and rerun the Kuchma scenario.

Kyrgyzstan

Akayev Comments on CIS Summit

LD2109203794 Moscow INTERFAX in English 1655 GMT 21 Sep 94

[Text] Kyrgyz President Askar Akayev said that he did not harbor any "particular illusions" about the CIS summit in Moscow planned for October 21. He said at a meeting with employees of the Bishkek machine-building plant today that hundreds of economic documents signed earlier did not yet contribute to real industrial integration.

Akayev said the establishment of a single economic space between Kazakhstan, Uzbekistan and Kyrgyzstan would help to keep many Kyrgyz industrial enterprises working.

Akayev said Kyrgyzstan needed to attract private foreign investments for reorganizing the industrial sector as actively as possible.

Akayev Announces Plans for Industrial Reform

LD2109211594 Moscow INTERFAX in English 1709 GMT 21 Sep 94

[From the "Presidential Bulletin" feature No.183 (673): Compiled by Nikolai Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[Text] President Askar Akayev during a visit to an engineering plant in Bishkek on Wednesday announced government plans for major industrial reform.

He is scheduled to visit as many as ten industrial plants in the next few days to get first hand information about the problems and prospects of structural changes there.

Akayev said that Kyrgyzstan is the first CIS state to have started to implement a three-year economic restructuring plan. He also spoke of IMF's approval of a $60 million credit to help towards the country's industrial reform.

The president said the government's new industrial policy must be aimed at export-oriented industries whose products must be competitive in CIS and world markets.

He spoke of having no illusions about a forthcoming CIS summit given that none of the hundreds of previous CIS economic agreements has helped towards industrial integration. Nonetheless, he is confident that the process of creating an integrated industrial system in the CIS will continue. Akayev said his country's drive for industrial co-operation in Central Asia was well justified.

He expressed confidence that the local engineering plant specializing, among other things, in the production of cartridges (33 percent of its output) must preserve its potential and technologies and look for potential buyers in next door countries and world markets.

Tajikistan

Tehran Peace Talks Viewed as 'Turning Point'

LD2109211894 Moscow INTERFAX in English 1709 GMT 21 Sep 94

[From the "Presidential Bulletin" feature No. 183 (673) for 21 September; compiled by Nilolay Zherebtsov, Andrey Petrovskiy and edited by Vladimir Shishlin]

[Text] The first deputy speaker of the Tajik parliament, chief government delegate Abdulmadjid Dostiyev has described the recent Teheran meeting of government representatives and the Opposition as evidence of growing understanding between them.

"Although shooting continues in Tajikistan, we are pleased with the results of that conference, which became a turning point in the peace settlement process," Dostiyev said.

He said both sides sought political ways of achieving peace to let the Tajik people have a decent image in the eyes of the world community. "The whole world is interested in the early settlement of the problem, and the Tajik people themselves, more than anybody else," Dostiyev remarked.

"We were unanimous that we should not try to find faults with each other, to name those responsible for the two years of the Tajik conflict. As a matter of fact, our whole generation is to blame for what has happened. It is up to us to settle things," Dostiyev said.

He believes that only those who have no idea of the real situation in Tajikistan can accuse the government of making too many or too big concessions to the Opposition.

Dostiyev described as a major achievement of the Tehran conference the agreement that 10-150 independent foreign observers would arrive in Tajikistan under the auspices of the United Nations at the end of September to monitor compliance with the cease-fire agreement until November 5.

Dostiyev emphasized the agreement on amnesty and exchanges. Under that agreement the government is to release before October 17 40 people the Opposition describes as political prisoners and the Opposition in turn would hand over to Dushanbe 54 government soldiers, taken prisoner at Tavildara on August 20. Dostiyev recalled that the leaders of Tajikistan had already amnestied more than 6,000 opponents of the regime.

Dostiyev deplored that the negotiators failed to agree on a future presidential election or referendum on the constitution. The Opposition has refused to participate

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in them on the dates set by parliament. In turn, the government delegation refused to discuss the Opposition's proposal for putting off the elections until a later date and forming a provisional government.

Asked about the outlook for the Opposition's compliance with the cease-fire agreement in view of the differences between the Opposition leaders, Dostiyev said that he had no doubts over the fact that the partners in negotiations would honor their pledges. "During the talks in Teheran I felt no differences between the opposition leaders. Turadzhonzoda and Nuri promised us that all armed opposition forces were disciplined and controllable," Dostiyev said.

He noted the important roles of the United Nations, Russia and Uzbekistan in promoting a settlement and said that only the Tajik people themselves could forge an agreement and take the settlement process to a successful outcome.

About the Russian Defense Minister Pavel Grachev's statement to the effect that Russia was prepared to reinforce the border with its army Dostiyev said: "Not a single solder from another sovereign state will appear on Tajik soil, unless the country's leadership asks for that".

"If UN observers arrive in Tajikistan within a week, there will be no need for fortifying the border at all," Dostiyev hopes. IF NOTE: A Russian Foreign Ministry official said on Tuesday that Russia welcomed the results of the Tehran consultations between the Tajik government and the Opposition, mediated by the special envoy of the UN Secretary-General Ramires Piris-Ballon and Russia's Deputy Foreign Minister Aleksandr Chernyshev. Russian diplomats believe that the product of the Tehran conference may start a new phase in the Tajik settlement. A Foreign Ministry official has said that consultations have fostered the favorable shift in the minds of both sides to overcoming the civil war syndrome and recognizing that a political settlement of the Tajik conflict has no alternative.

CIS Peacekeepers Continued Presence Urged

LD2109205294 Moscow INTERFAX in English 1819 GMT 21 Sep 94

[Text] The term of the deployment of CIS collective peacekeeping forces in Tajikistan to expire in October 1994 should be prolonged for another six months taking into account the military, social and political situation in the republic, CIS peacekeepers' commander, Colonel General Valeriy Patrikeyev, told a news conference in Dushanbe Wednesday.

Patrikeyev said his view was shared by both the Tajik leadership which asked to include the issue in the agenda of the October 21 CIS summit in Moscow and the opposition which had repeatedly raised the issue at talks with the government.

October 15 will mark the first anniversary of the deployment of the 7,500 peacekeeping troops.

Commenting on the situation in the republic, Patrikeyev pointed out that government troops had managed to push opposition units from the Tavil-Darin district back to their former bases in the mountains and foreign mercenaries to Afghanistan.

As for the Tavil-Darin district, the Tajik leadership is quite capable of solving this internal conflict with its own troops, he said.

"However, the Tajik-Afghan border is another matter. The Tajik power structures are still at an early stage of development and are not able to ensure border security," Patrikeyev said. "Thanks to our combined efforts with border guards, we have closed the border on the Moscow and Pyandzh sections. As a result, the number of trespassers from Afghanistan to Tajikistan has been reduced. However, we do not have enough forces to close the Tajik-Afghan border passing through the Gorno-Badakhshan autonomous region, though border posts here are reinforced with Kazakh and Kyrgyz border guards," Patrikeyev said.

Asked by Interfax for how long Russian troops would stay in Tajikistan to ensure the security of Russia and other CIS states, Patrikeyev said it would be necessary for another year or two.

U.N. military observers are expected to come to Tajikistan on September 28 which will be the start of the cease-fire according to an agreement between the government and the opposition signed in Tehran. On the eve of their arrival, Patrikeyev said: "I believe no U.N. observers will be able to completely solve the Tajik issue. Only the Tajiks themselves can do it, and only in a peaceful fashion."

Patrikeyev said he wished Russian peacekeepers, who have more experience in handling such tasks, had been invited to come to Tajikistan as foreign observers under U.N. auspices.

Russian Envoy Expects Tajik Conflict Resolution

LD2109164394 Moscow NTV in Russian 1500 GMT 21 Sep 94

[Video report by correspondent Viktor Nikulin]

[Excerpts] [Nikulin] This morning Russian border guards curtailed an attempt by 10 armed militants to cross into Russian territory at a section of the 7th border post of the Khorog border unit. [passage omitted]

The number of casualties also grows in the Pamir foothills of Tajikistan. According to the Tajik Defense Ministry press center, 12 armed groups—in which 40 percent of militants are mercenaries—are waging a virtual guerrilla war here against the government troops. However, a step toward stopping this war, which benefits nobody, was made the day before yesterday in Tehran. An

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agreement was signed on a cease-fire between the two fighting sides. Russia mediated this agreement. This is what a participant of the talks, Deputy Russian Foreign Minister Anatoliy Chernyshev, told NTV in an exclusive interview.

[Begin Chernyshev recording] I have full trust in the government side. As for the opposition, they also need a break and that is why I believe that this is also possible. However, this is a temporary cease-fire and in a way this is a trial period before a permanent agreement is signed, hopefully, in the near future. I think that we will soon get down to it. [end recording]

[Nikulin] The agreement is to come into force when a large group of UN military observers arrives in Tajikistan in the next few days.

Edict Issued on Demobilization of Servicemen

LD2109205894 Dushanbe Radio Tajikistan Network in Tajik 1700 GMT 21 Sep 94

[Text] The Presidium of the Supreme Council of the Republic of Tajikistan, in accordance with the law of the Republic of Tajikistan on universal military obligation and military service has adopted an edict on the demobilization of those servicemen who have finished their active military service in the ranks of the Armed Forces, border, and internal troops, and on the call-up of citizens who were born in 1967-1976. The edict in particular says:

(1) To demobilize those servicemen who have finished active military service in the ranks of the Armed Forces, border, and internal troops of the Republic of Tajikistan, in November-December, 1994.

(2) To call to active military service in the ranks of the Armed Forces, border, and internal troops of the Republic of Tajikistan and the Border Troops of the Russian Federation stationed in the Republic of Tajikistan, those citizens of male gender who have reached the age of 18 and who have not the right for deferment of military service, as well as the citizens who are above 18 and have lost their right for deferment of military service in November- December, 1994.

(3) The Council of Ministers of the Republic of Tajikistan, ministries and departments, local and state authorities are to take specific measures to implement this edict.

(4) The Committee of the Supreme Council of the Republic of Tajikistan on legislation, law and order and human rights, is responsible for implementation of this edict.

[Signed] Emomali Rakhmonov, the chairman of the Supreme Council of the Republic of Tajikistan.

Russian Guards Foil Attempt To Cross Border

LD2209081994 Moscow ITAR-TASS World Service in Russian 0720 GMT 22 Sep 94

[By ITAR-TASS correspondent]

[Text] Dushanbe, 22 Sep—On Wednesday afternoon [21 September], Russian border guards foiled an attempt by two armed groups numbering up to 60 people to cross the Tajik-Afghan border at the 12th outpost of the Moskovskiy border detachment. This morning the border guards found an antigovernment group of up to 40 people at a hillock in the same area. The group was dispersed with artillery fire. Losses are not known but none of the Russian border guards was injured.

On Wednesday afternoon, in the Khorog area, Russian border guards foiled attempts by two groups to cross illegally from Afghanistan into Tajikistan in the area of the 7th and 12th outposts of the Khorog border detachment.

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Armenia

Karabakh Minister Says Baku Preparing 'New Attack'

NC2109143394 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0635 GMT 21 Sep 94

[Text] Stepanakert ("Azg", "Yerkir" dailies), 09/21/94—"We have no doubt that Azerbaijan prepares a new attack, this is natural in the conditions when the sides do not trust each other," said RMK [Republic of Mountainous Karabakh] Minister of Foreign Affairs Arkadiy Gukasyan during a briefing at the RMK Ministers Council on September 20. Mountainous Karabakh has unrefutable information that the neighboring country is actively completing its armed forces by new recruits and military equipment.

Active military preparations of Azerbaijan are evidence that Baku is yet psychologically unprepared to political resolution of the conflict. According to the Minister, the results of third stage of negotiations held in Moscow have shown that "despite Kazimirov's heroic efforts, the positions of sides have not become close to each other." Gukasyan hesitates that the meeting was fruitful, since "it will be hardly possible to sign the Grand Political Agreement, if Azerbaijan doesn't soften its demands."

In Foreign Minister's opinion, Artsakh [Nagorno-Karabakh] has made rather significant concessions, and it is now Azerbaijan's turn. "There is a certain limit we can't go beyond," Gukasyan said. Cease fire at the fronts is quite fragile, as the Azeri side refuses measures on stabilization of the cease fire regime, by demanding to withdraw, at the same time, Karabakh forces from territories under their control. Karabakh authorities still believe that problems of military-technical character, i.e. those concerning the cease fire regime, should be resolved first of all.

Commenting on negotiations within the framework of the CSCE Minsk group, held in Vienna on September 12-14, Gukasyan said that formation of international forces and coordination of Russian and CSCE forces were discussed. According to the Minister, Russian representative has not arrived to Vienna, since, according to the preliminary agreement, the meeting was to be held on September 21. Gukasyan said that disengagement forces will possibly be international, though their overwhelming part will be Russian forces. It is not clear yet on whose name will the forces be stationed in the region. "Both Russia and CSCE have a number of advantages, for instance, Russia has troops, CSCE has not. But Russia is not ready to finance the peace mission, whereas CSCE may be able to resolve this problem. It only remains to unify their efforts," said Gukasyan.

RMK Foreign Minister said that for the first time ever, a representative of the "Azeri community of Mountainous Karabakh" has participated in the meeting, which is evidence that there is eventually a slight shift in the position of Baku, though the sides are immovable in principal questions.

Gukasyan also said, that CSCE Minsk group Chairman Jan Eliasson or his Deputy Pier Anderman will arrive to the region soon.

President Receives Russian Envoy Kazimirov

NC2109190294 Yerevan Armenia's Radio First Program Network in Armenian 1700 GMT 21 Sep 94

[Text] Armenian President Levon Ter-Petrosyan today received Konstantin (?Zadov), chairman of the Russian Duma's committee for [word indistinct] ties with CIS countries. Matters relating to the progress of the economic reforms in Russia and Armenia, domestic political [words indistinct], and development of interparliamentary ties were discussed.

Babken Ararktsyan, chairman of the Armenian Supreme Council, was present at the meeting.

The Armenian president also received the Russian president's ambassador for special missions Vladimir Kazimirov today. The ambassador handed the president a message from Boris Yeltsin in which satisfaction is expressed at all sides' readiness to continue the cease-fire and the hope is expressed that a major agreement on the peaceful resolution of the Karabakh conflict will be signed in the near future.

Armenian Foreign Minister Vahan Papazyan and the Armenian president's special ambassador Davit Shakhnazaryan were present at the meeting.

Turkey To Seek Peacekeeping Role in Karabakh

NC2109143894 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0635 GMT 21 Sep 94

[Text] Yerevan ("Lragir" daily), 09/21/94—"Turkey prepares to create special army units to participate in the peace course in Mountainous Karabakh," declared head of the Turkish delegation at the Meeting of CSCE High Officials in Prague on September 15.

Turkish government does not accept unilateral peacemaking mission of the Russian Federation in Transcaucasia, and declared in June about its intention to create a supply center for CSCE armed forces in Erzurum.

Azerbaijan

Officials React to Signing of Oil Contract

NC2109190494 Baku TURAN in English 1453 GMT 21 Sep 94

[Text] Baku (September 21) TURAN—"Real results of signing the contract with western oil companies we shall see in two or three years," TURAN was told by Ilkham Aliyev, SOCAR's vice-president. He said that in five or ten years Azerbaijan will be completely changed—it will

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be independent and released from the pressure, due to the currency which will flow into the country.

"Signing on the contract with western consortium, president Aliyev and our family has undertaken a great responsibility. Sometimes I think that I should not participate in all that, but we did it, comprehending what a role might the contract play in the life of the country," said Ilkham Aliyev.

"Present option of the contract is much profitable for Azerbaijan than the previous one. First of all it concerns the split of share, if we produce more oil, all associated gas will belong to Azerbaijan. Besides, we have gained a lot from the political and legal points of view," said Aliyev.

Concerning the route of oil pipeline he noted that the final decision on that issue has not been adopted yet, but on his opinion the most profitable route from the economic and political point of view is transportation of oil through Turkey to the Mediterranean Sea. But there can be two sub-options: through Iran-Nakhichevan to Turkey or through Georgia to Turkey. After ratification the contract in the Milli Mejlis a new consortium on the pipeline will be set up, which will adopt the final decision on the issue, according to Ilkham Aliyev.

Signing on the "contract of the century" is very profitable not only from the economic point of view, it will also bring to Azerbaijan a great political dividends. The companies incorporated into the consortium are leading western companies and that will let Azerbaijan to attract the economic and political potential of these countries, to maneuver in the great economic and political sphere," TURAN was told by state adviser Gabil Guseyinli. Joint works with western companies will promote to turn Azerbaijan into the great center of world economy, noted the adviser.

"The terms on which Azerbaijan has signed the contract, by two times are worse that those we had a year ago," TURAN was told by one of SOCAR's employees, he did not want his name to be mentioned. According to him, political conditions in which the contract had been signed, did not leave any choice for Azerbaijan. "Leadership of the country realized that growing political instability could bring to prevention the contract, as it was a year ago. On the other hand, Aliyev wanted to leave for the USA with the signed contract, in order to get maximum support of Washington," according to SOCAR's expert.

"The most serious mistake of Azerbaijan was the decision of unitization three oil fields. Earlier, all western companies were competing with each other and tried to offer more profitable terms in order to be the first in signing the contract. If prior to the unitization the contract western companies were the competitors, after the unitization it became inversely: their interests now coincide," noted the expert. "If earlier playing on that contradictions and tender we had a wide field for maneuvers, now we put ourselves in a very hard frames. Political situation worsened from day to day and the pressure of Russia increased, all that increased the risk of making investments. In business the factor of risk means that the investors reinforce their terms," said SOCAR's employee.

Concerning status of the Caspian sea the expert said that during negotiations in Houston a draft of the contract, including the clause that the contract will be effective after getting the agreement of all the Caspian countries, was offered to Azerbaijan. "That clause was withdrawn from the draft of a contract after the Azeri delegation stated that it will leave the negotiations, if that clause is not withdrawn from the contract," said the expert. And he also noted that the consortium already has a ready legal conclusion in written, which will provide the lifeability [as received] of the contract in case of any claim on the part of Russia.

Concerning the oil pipeline the expert said that from the political and the economic point of view the most profitable route for Azerbaijan was the route through the Mediterranean Sea, and not Black sea. Delivery of oil to the Novorossiysk causes the unsolvable problem of transportation the oil through Strait of Bosporus and Dardanelles. The route to the Persian Gulf is also possible, but it is not acceptable due to the West's relation to Iran. At the same time the route to the Mediterranean Sea is possible through Iran, Georgia or Armenia. Iran is not a member of the relevant international organizations and did not signed any agreements, that means that Iran cannot be considered a reliable partner in that issue. Political instability in Georgia will last for uncertain period. At last Armenia. "If the ambitions will be thrown away the most profitable route for Azerbaijan is that route: Azerbaijan-Armenia-Turkey. If we manage to involve Armenia to that case, we will get stability in the region and maximum profit for all parties," said SOCAR's expert.

Russian Official on Caspian Status

NC2109183294 Baku TURAN in English 1435 GMT 21 Sep 94

[Text] Baku (September 21) TURAN—The Director of Department for Information in Russian Foreign Ministry, Grigoriy Karasin, told the representative of the press service of Azeri president, during his phone talk, that he did not make a special statement related to the conclusion of the oil contract in Baku.

Grigoriy Karasin said that during Moscow's briefing last Tuesday he acknowledged the previous statements of Russian Foreign Ministry concerning this issue.

The last official statement of Russian Foreign Ministry "on utilization of natural resources of Caspian sea" was distributed by Grigoriy Karasin on June 7, 1994 during

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Moscow's briefing. The statement reads: "The information concerning development of Caspian sea resources, which recently appeared in Russian press, ("INDEPENDENT newspaper", June 2-3, 1994 and "FINANCIAL NEWS" June 2-8, 1994), got a wide resonance. In this connection I would like to add several words to that what had been stated on June 3, 1994.

The Caspian sea, which does not have natural connection with the world ocean, is a reserved reservoir. Norms of the international maritime law, in particular, concerning territorial sea, exceptional economic zone and continental shore, cannot be applied to the Caspian sea. Presently its bottom is not divided in sections.

The Caspian sea and its resources are the general property of pri-Caspian states [those states that are near the Caspian] and the object of their joint utilization. This resolution was juridically adopted during Soviet-Iranian talks in 1921 and 1940. In accordance with the principles and norms of the international law, Russia and the other pri-Caspian states, the former Soviet republics and Iran, are connected with this resolution.

We have nothing against cooperation of pri-Caspian states with the third countries and their firms in the field of development of Caspian sea resources. However, if we take into account "vulnerability" of ecological system of Caspian sea and several unsettled issues concerning national jurisdiction of pri-Caspian states related to the Caspian sea, the activities there are strictly limited. The rights and interests of the other pri-Caspian states can be violated. In this connection, foreign partners must take into account this fact while finding agreement on any activities in the Caspian sea.

This issue must be discussed during the meeting among the heads of all pri-Caspian states. In this connection, the mechanism of regional cooperation on Caspian sea is working out. In the framework of this mechanism, we would have settled all the issues concerning utilization of Caspian sea. We hope that in the near future, such mechanism will be created.

Until the achievement of the agreement on this issue, all onesided activities of any pri-Caspian state will not be recognized by Russia and will not be able to change legal regime of Caspian sea.

As TURAN agency was told by the diplomatic sources, yesterday's briefing in Russian Foreign Ministry took place right after the ceremony of signing of the contract and was dedicated to this event.

Opposition to Oil Deal 'Irrational'

LD2109185994 Moscow INTERFAX in English 1655 GMT 21 Sep 94

[Text] An Azeri official has described as irrational Moscow's opposition to the conclusion of an oil deal between Azerbaijan and a consortium of western oil companies. Government adviser for humanitarian issues Gabil Guseinli in an interview with Interfax on Wednesday said "the deal has been struck and there is no way back."

Spokesman for the Russian Foreign Ministry Grigoriy Karasin speaking the day before said Russia would give no recognition to the agreement on oil extraction in the Caspian Sea. He said that Russia proceeded from a premise that the Caspian Sea and its resources were of vital significance to the Caspian nations. Any unilateral action by one of the states will inevitably affect the rights and interests of others, Karasin said.

For his part, Guseinli said that Moscow's statement was out of line with Russia's own economic interests given that Russia's LUKoil company stood to benefit from the contract. He also pointed to the presence of Russian officials and Russia's ambassador in Azerbaijan at the signing ceremony in Baku.

The Azeri official said Karasin's statement did not reflect Russia's own position, but expressed the interests of its military-industrial complex and pro-Armenian lobby in the Russian government.

Baku Not To React to Karasin

NC2109190594 Baku TURAN in English 1453 GMT 21 Sep 94

[Text] Baku (September 21) TURAN—"There will be not any official reaction of Baku to the yesterday's statement of Karasin," TURAN was told by high-ranking employee in the presidential apparatus.

Yesterday, official representative in Russian Foreign Ministry Grigoriy Karasin stated at the press-conference held in Moscow that Russia will not recognize oil contract signed between western oil consortium and Azerbaijan on Tuesday [20 September].

According to high-ranking employee in the presidential apparatus it was strange situation when Russian envoy in Azerbaijan was blessing the contract, and Russian Foreign Ministry's representative came against the contract. The same source noted that Head of the Department in the Russian Ministry of Energetics also participated at the official ceremony of signing the contract. "At last Russian company is a member of the project. Such duality witnesses non-agreement in the actions of Russian officials," according to the same source.

"We think it was play in order to threaten western companies, but that will not impact the situation and the works will be continued," told representative of presidential apparatus.

According to Gabil Guseyinli, state adviser for humanitarian issues, the statement of Grigoriy Karasin was "meaningless". "The contract is signed and there is no way back," he said.

The state adviser also noted that the contract has also been signed by Head of the Department in the Ministry of Energetics and Fuel Industry Stanislav Pugach.

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"Through the "Lukoil" company Russia will also have an economic benefit due to implementation of the contract, in this respect the Karasin's statement is contradicting to economic interests of Russia," noted Guseyinli. "The statement of Russian Foreign Ministry's representative is more connected with other problems than with oil contract."

To my mind the statement of Karasin reflects the interests of certain circles in military and industrial complex of Russian Federation, as well of Armenian lobby in the Russian government, but not Russia's position," noted Guseyinli.

Guliyev's Meeting With Turkish Delegation Reported

NC2109182094 Baku Radio Baku Network in Azeri 1700 GMT 20 Sep 94

[Text] Azerbaijani National Assembly Chairman Rasul Guliyev received the visiting Turkish delegation in Baku today. The delegation, which is headed by State Minister Necmettin Cevheri, arrived in Baku to attend the signing of an agreement between Azerbaijan and the Western Oil Consortium for the joint operation of oil fields in the Caspian Sea. Important issues relating to the economic cooperation between Azerbaijan and Turkey were discussed.

Touching on various aspects of the cooperation between Azerbaijan and Turkey, Guliyev said that bilateral relations must not be limited to [words indistinct] and noted that cooperation in production must be increased. Guliyev also said that Azerbaijan and Turkey must draw up joint projects for cooperation and stressed that many wide-ranging opportunities exist for cooperation between the sides in [word indistinct] industry and the agrarian domain.

The two sides exchanged views on issues relating to the oil agreement that was signed today. They described the agreement as [words indistinct].

Turkish Ambassador to Azerbaijan Altan Karamanoglu and other officials attended the meeting.

People's Front Activists Protest Parliamentarian's Arrest

NC2109194194 Baku TURAN in English 1453 GMT 21 Sep 94

[Text] Baku (September 21) TURAN—Approximately 150 activists of Azerbaijan's Popular Front (APF) [People's Front of Azerbaijan] gathered today at 16:00 [1200 GMT] in front of the Parliament's building demanding to release from arrest Ali Kerimov, Deputy of APF and put forward antigovernmental slogans. TURAN was told by Ali Masimov, Head of the Committee for Defence of Ali Kerimov that the Head of Supreme Council promised to accept him. If Ali Kerimov is not released till 16:00, the picket-men will gather tomorrow in front of UN office in Azerbaijan. The police did not prevent actions of picket-men.

Ali Kerimov was arrested on September 10 during non-sanctioned rally of APF. He was detained and beaten by policemen and was delivered to the head police office in Baku. A trial was brought against him due to illegal keeping of arm. According to Kerimov's defence lawyer Ali-Mamed Nuriyev, a grenade was put into Ali Kerimov's pocket.

During his meetings with APF's activists, speaker of the Parliament Rasul Guliyev called "funny" the statements that Ali Kerimov had a grenade in his pocket. The state adviser Gabil Guseyinli was of the same opinion and told TURAN that "he did not believe that Kerimov had brought a grenade in his pocket to the rally."

Deputy Premier on 'Profound Relations' With Iraq

LD2109165694 Moscow ITAR-TASS in English 1540 GMT 21 Sep 94

[By ITAR-TASS correspondent Rafael Bikbayev]

[Text] Cairo September 21 TASS—Azerbaijanian Vice-Premier Elchin Efendiyev, who is on official visit to Baghdad, has described Azerbaijanian-Iraqi relations as "profound and fraternal."

He told the "Saut al-Arab" radio station today that his tour aimed at reinforcing and all-round development of bilateral ties in various fields.

The Azerbaijanian vice-premier, who earlier met with several Iraqi leaders, pointed out that Baku expressed solidarity with the people of the country who are "bearing the negative effects of international sanctions."

Georgia

Ardzinba Sets 1 Oct Repatriation Target Date

LD2109212594 Moscow INTERFAX in English 1819 GMT 21 Sep 94

[Text] Abkhaz leader Vladislav Ardzinba says the acceptance of questionnaires from Georgian refugees is to start on October 1. In an interview with Interfax on Wednesday, he said each paper will take 30 days to consider as envisaged by the four-party agreement signed by Georgia, Abkhazia, Russia and the U.N. mission for the regio

Ardzinba said that later on, up to 200 refugees would be able to return to their homes in Abkhazia every month. He also called for Russian economic aid to help speed up the process.

Earlier, Russian Defense Minister Pavel Grachev said the Abkhaz leader had undertaken a written commitment pledging to start the repatriation process on October 1.

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Ardzinba also said the Abkhaz parliament would set up a special commission to look into the events taking place overnight on Wednesday.

Deputy Russian Defense Minister Georgiy Kondratyev who arrived in the region hot on the heels of the killing of two Russian peacekeepers ordered an immediate repatriation of the refugees, a move that brought regional tension to a head. Abkhaz army units were alerted and protest rallies called up and down the republic to prevent a spontaneous return of the refugees.

Ardzinba said the commission of inquiry was designed to give an assessment of actions by the Russian peacekeepers so as to prevent them from being repeated.

Parliament Rejects Motion Opposing Peace Accords

LD2109211194 Moscow INTERFAX in English 1709 GMT 21 Sep 94

[From the "Presidential Bulletin" feature No.183 (673): Compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[Text] The Georgian parliament's ruling majority has rejected an opposition motion for disapproval of the latest peace accords that Georgia and Abkhazia had reached during recent talks in Sochi and Gudauta. Opposition members accused Georgian leader Eduard Shevardnadze of conducting a defeatist and pro-Moscow policy in respect of Abkhazia, but the house majority qualified as being generally correct.

IF Note: During the talks mediated by the Russian president and defense minister, Abkhaz leader Vladislav Ardzinba had undertaken a written commitment on the repatriation of Georgian refugees to Abkhazia from October 1. For his part, Shevardnadze pledged Georgian pullout from Kodor Valley. He also agreed to discuss the future of Abkhazia, but as part of Georgia.

In a speech to the house, Shevardnadze said the Georgian government had opted for a peaceful solution to the Abkhaz problem. And he called for using whatever peace chance there was in hand.

Military observers of Georgia, Abkhazia and Russia are due to go on a mission to Kodor in the next two days.

Shevardnadze meanwhile made it clear that the future of an agreement on the deployment of Russian troops in his country would largely depend on a solution to the Abkhaz problem.

Many in Tbilisi doubt that the opposition will take its latest defeat in parliament for granted. They say it is most likely to try to have its own back during a debate on the government-announced price liberalization.

Experts say unprecedented price increases including bread and electricity which went up two hundredfold and three hundredfold respectively form good breeding grounds for social unrest and may seriously weaken the government's credibility.

Many say the latest price hike will leave more than 95 percent of Georgians below the poverty line.

For its part, the government says Georgia will have to accept austerity measures recommended by the IMF and the World Bank before being granted an ECU 60 million credit.

There has been a spate of spontaneous rallies in Tbilisi with participants, most of them old age pensioners, protesting against price rises.

But the government is said to have refused to back down on its policy of price liberalization now matter what cost. Economics Minister Vladimir Papava says the government will also the same have to subsidize the cost of bread, electricity and gas, and transport fares in the initial stage of reforms. In an interview with Interfax, he said that prices would be released in full in the second stage, possibly in the next three or four months.

Joint Monitoring of Kodor Gorge Withdrawal Agreed

LD2109145094 Moscow ITAR-TASS World Service in Russian 1354 GMT 21 Sep 94

[By ITAR-TASS correspondent Vladimir Gondusov]

[Text] Moscow, 21 Sep—Representatives of the warring sides are to monitor the withdrawal of armed formations and military hardware from the Kodor Gorge along with Russian "blue helmets." Agreement on this was reached today at a meeting between the Georgian and Abkhazian military through the mediation of commanders of the Russian peacekeepers and UN representatives which took place in Gali today. Maj-Gen Yuriy Kozlov, chief of staff of the joint peacekeeping forces in the Georgian-Abkhazian conflict zone, told an ITAR-TASS correspondent this over the phone.

The situation in the Kodor Gorge which has been intensively analyzed recently will, in General Kozlov's view, become clear towards the end of the month and only after that will the operation to flush illegal armed formations out of the gorge be started. Military hardware which cannot be withdrawn from the gorge will be destroyed there by Russian specialists.

Yuriy Kozlov also reported that the setting up of peacekeeping posts in the conflict zone had been completed: there are 42 rather than 39 as previously planned. The general explained that the situation in the region had caused adjustments.

Cabinet Issues Decree on Fall Call-up

AU2209072294 Tbilisi SAKARTVELOS RESPUBLIKA in Georgian 9 Sep 94 p 1

["Decree of the Republic of Georgia Cabinet of Ministers on the Fall Call-Up of Conscripts and Release of

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Servicemen From the Armed Forces on Completion of Compulsory Military Service on the Territory of the Republic of Georgia"]

[Text] The Republic of Georgia Cabinet of Ministers decrees:

1. On the basis of the Republic of Georgia Law "on Compulsory Military Service," the fall call-up is to begin this year on 5 September and continue until 10 December.

2. To call up for service into the ranks of the Republic of Georgia Armed Forces conscripts aged between 18 and 25 who do not have the right to defer their compulsory military service and are deemed fit for line service.

3. To create in towns and rayons in the Republic of Georgia town and rayon conscription and medical boards that will be headed locally by military commissars. Republic of Georgia conscription and medical boards are to supervise and control their work.

4. Each citizen of the Republic of Georgia is obliged to report to the call-up district on the date stated in his personal call-up paper. Those conscripts who have left their places of residence and are unable to receive a personal call-up paper, should report to the military boards where they are registered as soon as an announcement about the call-up is made on television and radio.

5. The Republic of Georgia Ministry of Health Protection is to ensure that republican and rayon medical boards are supplied on time with the necessary doctors and specialists, medicines, and medical apparatus. They are to pay particular attention that medical examinations on new conscripts are conducted free of charge and within the established time period. Town and rayon senior doctors are to control more stringently the work of medical boards and medical establishments when the health of new conscripts for compulsory military service is being determined.

6. During the fall call-up, Republic of Georgia local administrative bodies are to provide military boards with the necessary buildings, technical personnel, and transport and fuel at the expense of the local budget; also, in order to ensure that new conscripts report on time to military boards, local administrative bodies, together with the heads of enterprises and institutions, are to render active assistance to military boards so that new recruits report on time in their call-up districts. At the same time, they are to provide transport and fuel enabling new conscripts to be taken to republican induction and allocation centers.

In order for new recruits to report in an organized manner for service in the Armed Forces, to create headquarters attached to rayon and town gamgeobebi [administrative boards] and city administrations and initiative groups whose work will be supervised by the heads of gamgeobebi and city administrations.

7. The Republic of Georgia Motor Transport Department is to ensure the unimpeded transfer of new conscripts on the basis of announcements made by the heads of the military boards and military units.

8. On the basis of information received from military boards, rayon and town local police agencies are to adopt decisive measures with regard to those new recruits who evade reporting in the call-up districts; they are to search for them and take them on time to the military boards.

9. Rayon and town law enforcement bodies are to ensure that the measures stipulated in the law are implemented with regard to those new conscripts who evade compulsory military service.

10. The Republic of Georgia military commissar is to establish strict control over the work of rayon and town military boards, safeguard the work of the republic's call-up and medical boards, and swiftly eradicate all manner of shortcomings in their activities.

11. To create an induction and allocation center where fresh health checks on new conscripts brought from rayons and towns and their dispatch to military units are to be organized.

12. The Republic of Georgia mass media are systematically to give news of the progress of the fall call-up of new conscripts and not permit the transmission of facts that have not been verified.

13. The Republic of Georgia rayon and town gamgeblebi [administrative board heads], mayors, and the republic's military commissar are periodically to report to the Republic of Georgia Cabinet of Ministers on the progress of the fall call-up.

14. Servicemen who have completed their military service as established in the Republic of Georgia Law "On Compulsory Military Service" will be released from service in the Armed Forces.

The release of servicemen is to be carried out within time periods set by the Republic of Georgia minister of defense.

15. I. Gvarishvili, Republic of Georgia Cabinet of Ministers chief state adviser on questions concerning law and order, defense, security, and emergency situations is to be entrusted with controlling the implementation of this decree.
[Signed] O. Patsatsia, Republic of Georgia prime minister.

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Estonia

Defense Pact Signed With Germany

WS2209104894 Tallinn BNS in English 0718 GMT 22 Sep 94

[Text] Tallinn, Sept 21, BNS—German Defense Minister Volker Ruehe and his Estonian counterpart, Enn Tupp, signed a defense cooperation agreement between the two countries in Bonn Wednesday.

Ruehe, addressing the ceremony, said the agreement marked the beginning of a new era in Estonian-German cooperation.

Estonia's Enn Tupp in his address said that characteristic of relations between Germany and the Baltics was the fact that with only a month left until parliamentary elections in Germany, the country's defense minister over the past weeks has met with his counterparts from all three Baltic states.

Also contributing to better understanding at Wednesday's talks in Bonn was that the defense ministers of both Germany and Estonia are Christian Democrats, Tupp added.

Other issues discussed by the ministers included prospects to train Estonian officers in Germany, aid and technical assistance for the Baltic peacekeeping battalion and the Estonian armed forces, as well as security policy in the Baltic region following the withdrawal of Russian troops.

Tupp was scheduled to have talks at the German Foreign Ministry later in the day. The defense minister's delegation for the visit includes advisers Juri Valge and Einar Rull, as well as the Estonian Ambassador to Germany, Tiit Matsulevitsh.

Latvia

Birkavs Optimistic on Return From European Meeting

LD2109220294 Riga Radio Riga Network in Latvian 2000 GMT 21 Sep 94

[Excerpt] On Wednesday Foreign Minister Valdis Birkavs returned home from Strasbourg. In Strasbourg he made a report to the Ministerial Commission of the Council of Europe in order to accelerate Latvia's admission to the Council of Europe. He spoke about this trip to a correspondent of Latvian Radio straight after arriving at Riga airport:

[Begin Birkavs recording] The main thing this time was a meeting with the Ministerial Committee, with the participation of the ambassadors of all the member states of the Council of Europe, where the discussion dealt with problems of Latvia's admission. Not a single one of those present had any objection to admitting Latvia; nor was there any objection to Latvia being admitted as soon as possible. What was achieved? What was achieved was that the first step will be on 4 October, during the plenary session of the Council of Europe when the political committee convenes and adopts a resolution on the admission of Latvia—or rather the invitation—to become a member state of the Council of Europe. What happens then is up to the Parliamentary Assembly; (as soon as the step is taken), after the political committee makes its decision, it will be announced publicly. There is an admissible version that would be most favorable to Latvia, that a number of parliamentarians from the Parliamentary Assembly of the Council of Europe will propose the immediate admission of Latvia. [end recording] [passage omitted]

Agency Releases Details on Privatization

LD2109221994 Riga Radio Riga Network in Latvian 2000 GMT 21 Sep 94

[Excerpt] The Latvian Privatization Agency has taken into its jurisdiction 128 state enterprises, making changes in the agreement on (?leasing and redemption), which provide that by 1996, state property to a value of 1.9 million lats will be for sale for privatization certificates, a conference was told on Wednesday by Janis Naglis, the director general of the Latvian Privatization Agency.

[Begin Naglis recording] About the matter of denationalization: at present the (?reports are not focused forward at all, except that) at a session of the board of the Privatization Agency, a resolution was taken that, by order of the Ministry of Economics, (?the coefficient) is to be confirmed. The deadline is 1 October in order to be able to begin the assessment of the matter of denationalization, and the Privatization Agency will make its proposals to the Ministry of Economics with a resolution for approval. Further, work is continuing on the privatization of Latvijas Nafta [Latvian Oil].

Of course, there are problems concerning the distribution of credits, of fifteen million (?acquired) in G-24 credits, so that they can be directly returned, not so that this money would have to be paid back out of the state budget. Thereby not the entire Latvijas Nafta is declared open to privatization; about twenty filling stations and a couple of oil depots are subtracted. In the course of winding up enterprises: the deadline for submissions from creditors for the [word indistinct] works has passed, and in the near future the creditors will have to [word indistinct] and do something about these other enterprises, too.

As to how everyday work proceeds for us at the Privatization Agency, our everyday work is taken up with (?struggles). We are, to say the least, shocked by this system of leaking documents that was set by the Cabinet of Ministers, which is considerably lengthening the path to adopting a resolution, and thereby there could be a certain interval before the approval of sites for privatization, as well as other things. By the way, we have

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(?calculated) and confirmed in practice, the circulation of papers in the Cabinet takes up a minimum of 55 days, if everything goes briskly. Taking into account too all the questions associated with privatization, there also has to be coordination with the association of local authorities, because there is no such enterprise, no such resolution, that does not indirectly or directly affect the local authorities in the association of local authorities. [passage omitted] [end recording]

Lithuania

Government Approves Kaliningrad Transit Rules

LD2109203394 Moscow INTERFAX in English 1655 GMT 21 Sep 94

[Text] The Lithuanian government approved the regulations for the transit of military and dangerous cargoes of foreign countries via Lithuanian territory today. The regulations will be the basis of the Russian-Lithuanian agreement on military transit to the Kaliningrad Region of Russia via Lithuanian territory, head of the Lithuanian working group for talks with the CIS Virgilijus Bulovas told Interfax.

Moscow has linked the signing of the agreement on transit to the Kaliningrad Region (Russia's Baltic exclave) with enacting the agreement on most-favored-nation treatment in trade for Lithuania signed in November of 1993.

Bulovas said that the regulations for transit fixed the main principles which would be applied to relations not only with Russia but also with other countries. Transit of cargoes via Lithuanian territory can be carried out only under the control and with the consent of Lithuania. Transit of military armed formations will not be permitted.

In accordance with the regulations, permission for the transit of military cargoes will be given only if the appropriate notification by diplomatic channels is transferred to Lithuania no later than 21 days before the expected date of transit. The total quantity of foreign military transport must not exceed two railway trains (110 cars) a day. Transit of armaments and armed servicemen accompanying them will be permitted only if it is supervised by Lithuanian armed officers. Transporting military and dangerous cargoes by road will not be permitted. Transporting such cargoes by air will be permitted only in accordance with international regulations.

The regulations are likely to be enacted next week after the document is published by the Valstybes Zinios state bulletin.

Bulovas confirmed that a special working group would be created in the near future to draft the Russian-Lithuanian agreement on the transit of military and dangerous cargoes.

Premier on Inflation, Economic Issues

LD2109181594 Vilnius Radio Vilnius Network in Lithuanian 1100 GMT 21 Sep 94

[Text] Prime Minister Adolfas Slezevicius has taken part in the radio broadcast "Studio of Actualities" after a month-and-a-half interval, ELTA reports.

Having commented on the results of the referendum, Slezevicius mentioned the most important events as being the visit by President Algirdas Brazauskas to Germany and the recent visit by the government delegation to Kazakhstan. Germany is chairing the European Union at present, and its attitude is very important in stepping up the process of Lithuania's integration in the European Union and in preparing an agreement on associated membership. It is expected that such an agreement will signed at the beginning of next year.

Adolfas Slezevicius is leaving for St. Peterburg tomorrow where attempts will be made to sign an economic agreement which would create more favorable conditions in trade for economic subjects, as the search for the market is one of the most important present tasks.

To the question of what has been done and what is still to be done, the head of the Lithuanian Government said that one of the most important indices describing Lithuania's macroeconomics was the rate of inflation. They are working so that the annual rate of inflation does not exceed 35 percent. In eight months of this year inflation was 28.4 percent. It is important that in the remaining months of the year inflation does not exceed 2.1 - 2.2 percent.

According to the prime minister, this year's harvest will be 30 percent lower because of drought. Although debts to agriculture have declined by more than half, they still are in the sum of about 70 million litas. This is one of the major concerns of the government today.

To the question about the coming heating season and the changed prices for heating, Slezevicius replied that this has been a government decision. In applying very low heating prices, the same support used to be given both to those needing social support and to rich people. After the introduction of new prices, there will be more support to the pensioners, disabled, and poor people.

Russian Radio Rebroadcasts Suspended Due to Debt

WS2109115994 Tallinn BNS in English 0942 GMT 21 Sep 94

[Text] Vilnius, Sep 21, BNS—Rebroadcasts of the Russian state-run Mayak (Beacon) radio station were stopped in Lithuania Tuesday because of the station's huge debt to Lithuanian technical services.

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The Lithuanian Communications and Information Ministry said the state-run TV and radio company Ostankino, which includes Mayak, owes Lithuania around 700,000 lits (USD 175,000). The Russian company seems to be making no effort to repay the debt despite numerous promises.

The AM and FM frequencies previously used by Mayak have been given to Laisvoji banga, a Vilnius-based commercial station, which won in a special contest.

Meanwhile, Ostankino TV is still shown in Lithuania for several hours each day by the private Litpoliinter TV.

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